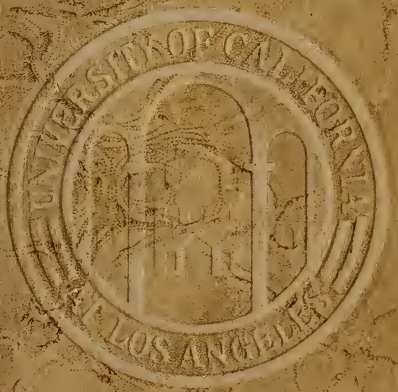


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CRESWELL — CHINESE LABOUR QUESTION FROM WITHIN





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Revised page 72

The Chinese Labour Question from Within

F. H. P. CRESWELL



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THE CHINESE LABOUR QUESTION
FROM WITHIN

h. W. W. W.

THE
CHINESE LABOUR QUESTION
FROM WITHIN

FACTS, CRITICISMS, AND
SUGGESTIONS

IMPEACHMENT OF A DISASTROUS POLICY

BY
F. H. P. CRESWELL

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LONDON

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ORCHARD HOUSE
WESTMINSTER

1905

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INTRODUCTION.

MR. F. H. P. CRESWELL, author of this pamphlet, is one of the best-known mining engineers in South Africa. He is a man of high character and experience, and has served as engineer to leading companies on the Rand. No one is entitled to speak with greater authority on any question dealing with the Transvaal mining industry. During the Boer War Mr. Creswell served with the Imperial Light Horse.

From the outset he was strongly opposed to the proposal to introduce Chinamen to work in the Transvaal mines. Time and experience have only served to accentuate his opposition and to justify his attitude.

Mr. Creswell has himself demonstrated the economic possibility of white labour. He bases his objection to the presence of Chinamen on broad grounds of public policy. He desires to see the Transvaal a prosperous community of white men, and realises that the presence of Chinamen, with their low wages, their small spending power, their narrow circle of wants, is the greatest obstacle to the realisation of that worthy ideal.

Mr. Creswell in a series of letters to an imaginary opponent, deals exhaustively with the whole question. He makes out an unanswerable case against a deplorable and disastrous policy.

Some of the articles embodied in this pamphlet have been published in the "Daily Chronicle," where they attracted considerable attention.

We commend the pamphlet to the notice of all British people whether in the Mother Country or in the Colonies. Mr. Creswell brings illumination into dark places. These trenchant and informing letters from his pen will do much to instruct, inform and guide public opinion.

EDITOR,

"DAILY CHRONICLE."

LONDON,

April, 1905.

THE CHINESE LABOUR QUESTION FROM WITHIN.

CHAPTER I.

THE PRO-CHINESE ARGUMENT.

THE other day, discussing some local questions, you said that you thought I ought to modify my opinion with regard to that much-debated topic—Chinese labour.

It seemed to you that the contention of those of us who opposed Chinese labour—that it was not calculated to promote the real well-being of the Colony, and particularly that its effect would be to restrict the field of employment for white men—was now quite disproved by experience. You quoted various so-called facts with regard to white and Chinese labour—statements of chairmen of companies at their general meetings, sundry figures from official Blue-books, and, finally, Lord Milner's letter read at the meeting of the Conservative Association at Dorking. These "facts," you said, seemed effectually to prove that our anti-Chinese view was a mistaken one, and that the influx of Chinese, so far from being detrimental to the filling up the country with white men, was actually the reverse.

Your facts, if real facts, were hard to get round, but investigation in the past of the statements on this subject made by your pro-Chinese friends, whether financial or official, has taught me that it is always worth while to track their statements down to the original figures upon which they purport to be founded.

Rather than waste time in vague discussion, without either of us having at our fingers' ends the records on which these

“facts” are based, I said I would go into the matter and write you my answer (if I had any) to the statements you had quoted—statements which seemed to me impossible to reconcile with the general conditions under which mining is carried on in this Colony.

I now carry out that promise.

To make things clear, let me state your position as I recollect it. You were inclined to agree that statements by the mine-owners, representatives of the big houses, or whatever you like to call them—say Chamber of Mines for short—should be taken with reserve, as they are partisans, and partisans, moreover, who have a very heavy pecuniary interest in the settlement of this question. The “facts” they give the public would consequently be confined to those most in accord with the view they take themselves and which they wish the public to take. But you pointed out that their contention was confirmed and practically summed up in Lord Milner’s letter, and in statements in the Annual Report of the Government Mining Department. You said: “Lord Milner, in the letter read to the Conservative Association at Dorking, states:—

“The introduction of 7,000 Chinese has led to the increase of 1,000 white workmen. Assuming 500 are married, with an average of five per family, this means 3,000 white people living in prosperous conditions who were previously out of work or not in the country at all. Every thousand white men engaged in the mines involves a population of an equal number, and probably considerably more, in subsidiary industries as artisans, traders, etc. Of these men, an even larger proportion are married than is the case with miners. All told, there are at least 8,000 to 10,000 white people who have found employment and means of livelihood as a direct result of the importation of 7,000 Chinese.’

“Now,” you went on to say, “Lord Milner did not make such a statement as this unless it was thoroughly borne out by the official figures which he has at his command. I therefore accept statements coming from such an authority

THE PRO-CHINESE ARGUMENT.

without question, and so should you. Surely, in view of the facts given by him, I and my pro-Chinese friends are justified in claiming that the question of the probable effect of Chinese importation on white employment has passed out of the realm of conjecture into that of ascertained fact.

“Your side held that Chinese importation would restrict the field of employment for white men. Our contention, on the other hand, has always been that without an increase of coloured labour it is not possible for the employment for white men to be increased; and, further, that a decrease in the supply of coloured labour of necessity brings with it a decrease in the amount of white labour it is possible to find employment for, and *vice versa*.”

“Here you have it on Lord Milner’s authority that, just as we predicted, so it has happened. Again, you used to contend that the people controlling the mines had made up their minds not to increase the work and the numbers of white men they employed until they secured a right to get all the coloured labour from Asia they desired. You held that when they finally got their way there would, of course, be at first an increase of white employment, because the industry would resume its normal condition of a growing industry. But you said (and I was inclined to agree with you) that the proportion of white employees to coloured would certainly be a diminishing proportion.

“Even on this point, however, on which we differed but little, you have been proved wrong, for on page 22 of the Annual Report of the Acting Commissioner of Mines for 1904 he says:—

“*General Position of the Industry.*

“‘Labour.—On June 30, 1904, there were employed by the mines of the Transvaal the under-noted total number of persons:—

Europeans ...	...	...	...	14,209
Coloured persons ...	...	...	...	86,214
Chinese ...	...	...	...	1,004
				Total persons ... 101,427

““ In addition to these figures, there were 540 coloured convicts employed by Witwatersrand gold mines on surface works.

““ The ratio of whites to coloured (including Chinese) during the above periods is set out in the following table:—

1903-4.				
First quarter	...	...	...	1: 8'825
Second quarter	...	...	...	1: 7'899
Third quarter	...	...	...	1: 7'476
Fourth quarter	...	...	...	1: 7'279

1904.				
July	...	...	...	1: 5'930
August	...	...	...	1: 5'902

““ From these figures it will be noticed that the ratio of white to coloured employees increased as the Chinese labourers arrived. The figures for the year 1903-4 are not very appreciably affected, and it is only when dealing with the figures for July and August of the current year that the larger number of Europeans employed is brought prominently to notice, and it is a significant fact that there are now more Europeans employed by the mining industry than there were in the most prosperous pre-war days.’”

“ Now here, not on the authority of the Chamber of Mines, but on that of Lord Milner and of the official Report of the Government Mining Department, you have figures showing that you were wrong in your forecast at every single point.

“ Surely it behoves you either to prove that these authorities are wrong in their facts, or own up like men that you have been altogether in the wrong, and that we have been in the right.”

This I take to be a fair statement of your position, which, from your point of view, was reasonable enough. Did the statements on which you take your stand bear the test of investigation, it seems to me that we should have no alternative but to give in and acknowledge that, on the grounds of

the effect of Chinese on white employment, our opposition was ill-founded. Unlike yourself, however, my respect for authorities, whether expert, financial, or official, does not run to assuming that their dicta in matters of controversy may be taken without question.

It is safer to go to the original figures, and to ascertain whether they really do bear out the deductions from them which are so often given to us, not as deductions, but as substantive facts.

In this case I think even you will agree with me that the original records do not bear out these deductions, and that, instead of proving us wrong, they prove that we have been right, and that these high authorities have, to say the least, put a good deal of heavy work on their figures.

I will take you through the points you made one by one, and, for the sake of convenience, take first the proportion of white to coloured men employed, as it is the most quickly got rid of.

The subjoined Table I. has been compiled as to the period October, 1903, to November, 1904, from the Mining Department's monthly statistics, and as to the period July to October, 1903, from the Government Mining Department's half-yearly Report for period ending December, 1903, as I have not the monthly returns for this period by me.

The figures in Columns I. and II. and III. are transcribed directly from these documents, so their accuracy is incontestable. The figures of ratio in Columns IV., V., and VI., are arrived at by the simplest of simple arithmetic, which you can check for yourself.

The figures in Column VII. are transcribed from the passage in the Mining Department's Report for 1904 quoted above.

The figures for white labour, July to October, 1903, corresponding to those for coloured, are not given in the table in the 1903 Report, as they are in 1904, and I have not attempted to compile any total from the various sectional returns given.

That these are the same set of figures as that on which

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the Mining Department Report finds its deductions is shown by the facts that—

1. The figures for the month of June are the same as are quoted immediately above the statements we are dealing with.

2. The ratios of white to black for July and August, 1904, are the same as are quoted there.

TABLE I.

STATEMENT COMPILED FROM GOVERNMENT MINING DEPARTMENT RETURNS OF NUMBER OF COLOURED AND WHITE PERSONS EMPLOYED ON ALL MINES AND WORKS IN THE TRANSVAAL.

Month.	I. Number of White Persons employed.	II. Number of Natives employed.	III. Number of Chinese employed.	IV. Total Coloured Persons employed.	V. Monthly Ratio of White to Coloured.	VI. Correct Quarterly Average Ratio White to Coloured.	VII. Ratio given in Govern- ment Mining Department Report for 1904, quoted above.
1903.							
July	...	78,821	...	78,821	...	...	1 : 8·825
Aug.	...	80,805	...	80,805	...		
Sept.	...	81,687	...	81,687	...		
Oct.	13,206	82,984	...	82,984	6·28		
Nov.	13,459	83,227	...	83,227	6·18	1 : 6·24	1 : 7·899
Dec.	13,392	83,885	...	83,885	6·26		
1904.							
Jan.	13,563	85,794	...	85,794	6·32	1 : 6·56	1 : 7·476
Feb.	13,566	88,991	...	88,991	6·56		
Mar.	13,412	91,085	...	91,085	6·79		
April	13,483	90,605	...	90,605	6·72		
May	13,921	89,376	...	89,376	6·42	1 : 6·42	1 : 7·279
June	14,209	86,214	1,004	87,218	6·14		
July	14,563	84,970	1,388	86,358	1 : 5·93	...	1 : 5·930
Aug.	15,172	84,593	4,945	89,538	1 : 5·90	...	1 : 5·902
Sept.	15,307	87,433	9,020	96,453	1 : 6·30		
Oct.	15,433	91,280	12,965	104,245	1 : 6·75		
Nov.	15,879	94,388	17,469	111,857	1 : 7·04		

The first point which appeal to the original figures establishes is that something appears to have gone very wrong with the departmental calculating machine.

Not one of their quarterly ratios is arithmetically correct. Those for three of the 1903-4 quarters we can check, and they are wrong.

For the July-to-October quarter of 1903 I have not the total white labour figures by me, but I have the figures of

the total coloured labour, and for that period the average was 80,438. If the whites were really, as the Report for 1904 states, in the ratio of one white man employed to every 8·825 coloured men, there could only have been an average of 9,114 white men employed on all the mines and works of the Transvaal during that quarter.

Table I., half-yearly Report for period ending December 31, 1903, gives the total number of white men employed actually on the gold mines alone (excluding coal and diamond mines, etc., etc.) as follows :—

July, 1903.....	11,873	} Average 12,168 on gold mines alone, as against the supposed total of 9,114 on all mines and works.
August, 1903	12,140	
September, 1903	12,491	

So that the ratio given for this quarter is as palpably imaginary as those for the other quarters. The figures, further, show that the suggested increasing proportion of white men employed to coloured men as the Chinese come in is equally imaginary.

A glance at the true figures will show you that the proportion of white men to coloured remained pretty constant until February, 1904, when the total of coloured employees began to decline, and that from the succeeding month the ratio of white to coloured steadily increased until July, the month after the steady decrease in total coloured labour ceased.

That the increased ratio of white to black during these months was due to the coloured supply diminishing, and not to the arrival of a handful of Chinese in June, July, and August, is clearly shown by the ratio figures of the succeeding months.

In these months the steady arrival of more and more Chinese and more natives resulted in a steadily diminishing ratio of white and black till in November there were fewer white men in proportion to the coloured men employed than at any time during the period dealt with.

Our first appeal, therefore, to the real figures in the

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valuable records of the Mining Department establishes that the suggestion made that Chinese importation increases the proportion of white labour finding employment is the direct opposite to the actual fact.

The figures clearly show that a smaller proportion of white labour is employed when coloured labour is plentiful, and a greater proportion when coloured labour (whether native or Chinese) is scarce.

It is a suggestion hardly worth spending so much time over except that, being in an official Blue-book, its correctness will be taken for granted by many, and it is well to show how, most unfortunately, even official deductions on this subject are apt to have no real foundation in official records of fact.

The further suggestion, if it is a suggestion, that in some subtle way the increase in the number of Europeans employed, as compared with the pre-war days, is due to Chinese labour, is as much at variance with real fact as is that which we have disposed of.

The real fact is that this is the result of the scarcity of coloured labour on the Witwatersrand, a scarcity which with Chinese importation will quickly disappear. That this is so will appear from the facts brought out in dealing with your other points in my next letter.

CHAPTER II.

HOW WHITE LABOUR IS AFFECTED.

IN my last letter I dealt with the fanciful suggestion that the proportion of white men employed was increased by the introduction of Chinese labour.

Let us now look into the question of how far Chinese labour has up to now had, or is likely to have, the effect of increasing, not the proportion of white to coloured employees—this, we have found, it has the effect of decreasing—but of increasing the actual total of employment for white men on the mines.

The theory advanced by your friends and yourself is that there is a mechanical relation between the supply of coloured labour and the number of white men for whom it is possible to find employment; that for a given number of coloured labourers it is possible to find employment only for a given definite number of white men, neither more nor less.

In other words, that if the number of coloured labourers available remains stationary or decreases, the number of white men who can be employed (with the best will in the world on the part of the employers to find employment for white men) must perforce remain stationary or decrease.

That for each increase in the coloured labour supply there will be a strictly proportional increase in the number of white men employed.

Consequently, you said, without Chinese, there can be no increase, and with Chinese, as you point out, there is an increase in white employment. This theory we have some opportunity now of testing by the records of many months.

Table II. I have compiled from the official figures published by the Mining Department, and I think you will find that it will repay a careful study.

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TABLE II.

STATEMENT COMPILED FROM GOVERNMENT MINING DEPARTMENT RETURNS OF EMPLOYEES ON GOLD MINES ON LAST DAY OF EACH MONTH.

Month.	White.	Native.	Chinese.	Total Coloured.	Whites.		Coloured.	
					Increase.	Decrease.	Increase.	Decrease.
1902.								
July	8,162	32,616	...	32,616	...			
Aug.	8,763	35,255	...	35,255	601	...	2,639	
Sept.	9,066	37,874	...	37,874	303	...	2,610	
Oct.	9,609	41,503	...	41,503	543	...	3,629	
Nov.	10,132	43,455	...	43,455	523	...	1,952	
Dec.	10,292	45,698	...	45,698	160	...	2,243	
1903.								
Jan.	10,783	48,058	...	48,058	491	...	2,360	
Feb.	10,879	51,540	...	51,540	96	...	3,482	
Mar.	11,166	56,577	...	56,577	287	...	5,037	
April	11,305	60,557	...	60,557	139	...	3,980	
May	11,439	64,480	...	64,480	134	...	3,923	
June	11,825	66,221	...	66,221	386	...	1,741	
July	11,873	68,217	...	68,217	48	...	1,996	
Aug.	12,140	69,688	...	69,688	267	...	1,471	
Sept.	12,491	70,255	...	70,255	351	...	567	
Oct.	12,456	71,659	...	71,659	...	35	1,404	
Nov.	12,744	72,748	...	72,748	288	...	1,089	
Dec.	12,702	73,622	...	73,622	...	42	874	
1904.								
Jan.	12,814	75,120	...	75,120	112	...	1,498	
Feb.	12,801	77,899	...	77,899	...	13	2,779	
Mar.	12,681	79,569	...	79,569	...	120	1,670	
April	12,740	78,825	...	78,825	59	...	...	744
May	13,127	77,519	...	77,519	387	...	...	1,306
June	13,413	74,632	1,004	75,636	286	...	...	1,883
July	13,707	73,370	1,388	74,758	294	...	...	878
Aug.	14,333	73,148	4,945	78,093	626	...	3,335	
Sept.	14,423	75,394	9,020	84,414	90	...	6,321	
Oct.	14,525	78,491	12,965	91,456	102	...	7,042	
Nov.	14,944	81,673	17,469	99,142	419	...	7,686	
Dec.								

It is a table dealing with employment on gold mines only, as these are the only mines on which Chinese are being used. Let us examine this table.

You will first note that from July 31st, 1902, there was a steady increase in the native labour supply. It was more rapid up to May, 1903, than from that time onwards, but it was an uninterrupted increase up to March 31st, 1904.

From that time until August 31st, 1904, for the first time since the war, there was a shortfall, and a steady shortfall,

partly counterbalanced in June and July by the first arrivals of Chinese and more than counterbalanced in August by such arrivals. From that time onwards the native and Chinese supply has rapidly increased.

Now take the white employment.

You will find that from July 31st, 1902, to May 31st, 1903, the number of white men employed increased by 3,277, or in the ratio of one extra white man for every 9·7 extra coloured men. From May 31st, 1903, to September 30th, 1903, it increased by 1,052, or in the ratio of one extra white man employed to every five and a half additional natives. That is to say that, as the rate of influx of natives diminished, the proportional rate of increase of white men increased. From September 30th, 1903, to March 31st, 1904 (the reason I have divided this second native period into two periods will presently appear) there was an increase of only 190 white men, or an increase of one white man for every 48·4 extra coloured men. This, although the average monthly rate of increase of coloured men was higher than in preceding period.

From March 31st, 1904, to July 31st, the coloured supply diminished by 4,811, and on your theory your number of white employees should have diminished in proportion, but it did nothing of the kind. Instead of diminishing, the number increased by 1,026, or an increase of one white man for every 4·7 fewer coloured men employed.

You will no doubt object that some of those 1,026 men were at work preparing compounds for the Chinese. Well, I will give you 200 for this, and another 100 employed in anticipation of Chinese arrivals.¹

Even with that allowance the fact remains that, side by side with an actual decrease in the coloured supply, you had a very continual and steady actual increase of white men

¹ This is an extravagant allowance, at this time probably the only compounds being altered in anticipation of Chinese were those of the Comet, Geduld, Van Ryn, and perhaps two or three other mines. If we say five compounds being altered and in all 120 carpenters or other white men employed on this at best temporary work, we should probably be over-stating the case.

employed. In August, though your native supply decreased, you had a fairly large influx of Chinese, and a net increase of 3,335 coloured men, accompanied by an increase of 626 white men, or one extra white man for every 5·3 extra coloured men, a rapid increase which looks like one for your side, but which, when all facts are considered, will be found to be due in part to other causes.

Now take the succeeding three months, and you will find that although the coloured supply rose by 21,049 your friends only managed to employ an extra 611 white men, or one extra white man for every 34·4 extra coloured men.

Surely a study of these figures must convince you that this theory of your friends, that the number of white men it is possible to employ is strictly governed by the supply of coloured labour, has little or no relation to the real facts. You cannot make the facts fit the theory at all.

While the coloured supply was increasing most rapidly, *i.e.*, in the first period and in the last three months the ratios of increase of white to coloured men employed were one to nine and one to thirty respectively.

Why in the last period were not three white men put on for every twenty-seven additional coloured men, as in the first period, instead of less than one, if your mechanical relation theory is right?

When the rate of increase of the coloured supply was least rapid, *i.e.*, May to September, 1903, the ratio of increase of white men to increase of coloured men was much greater, and one extra white man was employed for every five-and-a-half extra coloured labourers taken on.

If it was, as they put it, economically possible to find employment for one white man only for every nine extra coloured men, what in the world induced them during this period when natives were coming in slowly to employ nearly two white men for every nine extra natives?

If these facts make one inclined to discard your theory, what is to be said when one finds that when your coloured supply showed a steady decrease (March—July, 1904) your white employment showed a marked increase? When one

finds that during this period your friends gave employment to one extra white man not for every four-and-a-half additional natives, but for every four-and-a-half natives who left their employ, one is bound to discard your theory entirely, and one is forced to the conviction that there are other influences besides the mere number of coloured labourers available which govern the possibilities of white employment.

Let us now see whether the theory which we have consistently held, and which we think is a reasonable and common sense one, will not better stand the test of comparison with actual experience.

Our theory is, roughly speaking, that the first necessity under ordinary circumstances of those who are responsible for the mines is to get the gold out as rapidly as possible, wherever and whenever it can be got out at a profit. In our theory, so long as they can make a profit on the gold they produce, they and their shareholders prefer to make that profit rather than to have their capital idle, and their machinery, mine, and buildings costing them a considerable sum monthly for profitless upkeep. They are indeed forced to work their mines by this first necessity of a limited liability company, *i.e.*, the necessity to make all the profit for its shareholders which the circumstances of the time allow.

Given this necessity, we say, you can rely on it that by hook or by crook the mining of the ore will be done.

We hold that, as a community, we can afford not to be seriously perturbed when we are told by the financial firms controlling the mines that they will really have to stop working if they do not get their own way on some matter or other of legislation. We believe we can rest quite at ease in the confident assurance that what is really the matter is that, like most other people, they want to get their own way—perhaps because they think it will mean greater working profits, perhaps because they are swayed by other considerations for the future, equally legitimate from their point of view. They know that if they represented themselves to you as business men, of such an exceptional order that they preferred no bread to half-a-loaf, you would not believe them.

Consequently they tell you that by your reluctance to comply with their wishes you are really taking away from them their half-loaf. As a matter of tactics, surely this is quite a usual line to take in trying to gain a business end. You had the same cry raised a dozen times before the war, and you will hear it a dozen times again.

Taking this theory as a working hypothesis, one would naturally expect (other disturbing influences being absent, and the first and only necessity being to get the work done) that those directing the mines would use for their work just any labour that was available.

In the absence of as much coloured labour as they might desire, they would use more white labour, and the extent to which they would go in this direction, and to which they would modify their arrangements to get the best results out of this kind of labour, would depend (having quite made up their minds that coloured labour was, for various reasons, more desirable than white) solely and entirely on how far they looked upon the scarcity of coloured labour as permanent, and how far it might be politic to sacrifice present benefits to ensure that this scarcity should be merely temporary and not permanent. On the face of it, is not this a reasonable supposition? But however reasonable it may appear, it must be put to the same test as yours.

Let us then just go over the figures again and see whether this theory squares with the facts better than that of yourself and your friends.

The first period I will take is that from July, 1902, to January 31st, 1903. That is from the beginning of my record until after Mr. Chamberlain's visit. In the earlier part of this period—*i.e.*, July and August—the number of white men was perhaps abnormally increased by the taking on of numbers of the discharged irregulars. That it was not all public spirit which induced this, and that it was also prompted by the spur of necessity to have labour, is shown by the mines wanting more when the irregulars had been absorbed. This is evidenced by the big increases in the following October, November, and January, long after the irregulars had been

disbanded. During this period (though towards the end of it the Chinese alternative must have been already practically decided on by the heads of most of the controlling houses) the necessity for getting the work done, combined with the dearth of coloured labour and a belief that their influence would enable them to get the Government to consent to Chinese when they asked for it, made them take on all the white men they could get.

You remember the rumours which were flying about during Mr. Chamberlain's visit, to the effect that the financiers had made everything safe with him, and practically secured leave to bring in Chinese. You remember how baseless these rumours turned out to be, and how disturbed they were when, at the Wanderers' banquet, Mr. Chamberlain in his speech repudiated the suggestion, recommended them to try and increase their proportion of white labour, and declared that in this matter the Government would only act according to the wishes of the people of the Colony.

From this time forward, finding they could not get their way by the simple method of going over the heads of the public and getting the Government to give it them, the necessities of the moment made them recognise the necessity of "educating" the public. This was done in a very practical and effective way. The increasing use of white labour was now consciously recognised as an impediment in the way of the Chinese scheme.

Notice the immediate falling off in the rate of increase of white employment during the next four months, though the rate of increase of natives was more rapid than it had yet been.

Notice, too, how during four months after that the native increase rapidly fell off, and was accompanied by an augmented rate of increase of white employment. Does not this square with my theory, and cannot you see here a pretty struggle between the necessity of keeping the work going on, the getting of as many stamps as possible to work, and the inadvisability of a too rapid increase of the white men employed, without a corresponding increase of black labourers.

The danger of this would be that the public would grasp that the lack of coloured labour resulted in more dependence on white labour and on the white colony generally. Lest I should overstate the case and appear to suggest what, so far as I know, was not the case, let me explicitly state that I do not imply that the Chamber of Mines agreed collectively to order their managers not to get on too fast with white labour.

Any such action would have been as unnecessary as it would have been impolitic.

The natural working of cause and effect was quite sufficient without that.

During the whole of this eight months—January 31st to September 30th—every mine manager knew that his chiefs had made up their minds to get Chinese labour.

It would, therefore, in the main, be only giving himself work, for which he would not be even thanked, to scheme out or suggest such serious modifications of his arrangements as might enable him to get more work done by using more white men, when in a few months Chinese in any numbers would be available.

Lord Milner, in his speech at the opening of the Stock Exchange in March 1903, when he said that if labour was not forthcoming from Africa it must be brought from elsewhere, and in his speech to the White League deputation, when he spoke of the undesirability of having a white proletariat in the Transvaal, had made it pretty clear to the community that the Chamber of Mines Chinese scheme had his sympathy.

The agitation for Chinese labour was being admirably stage-managed with its meetings on the mines, &c., &c., its Labour Commission, at which the very mention of Chinese was forbidden, and the composition of which was such that its verdict, by a large majority—practically the remainder against two, with one or two doubtfuls—was with moderate certainty known after the first two sittings.

Hence the general position locally during this period was one of probability that the Chamber of Mines would get its

way, and consequently just as many white men were taken as the exigencies of the moment required ; but there was no effort to get along on the lines of modifying arrangements so as to permanently and profitably use a larger proportion of white men.

The first week in October, 1903, the Labour Commission ceased sitting. In March, 1904, the Labour Ordinance was finally sanctioned. Hence this period—September 30th, 1903, to March 31st, 1904—comprises the period during which the local opposition, which was still strong and unconvinced, had to be beaten down, and people at home and in the Colony persuaded into thinking that the demand for Chinese was a popular demand and not a merely financier demand. Just examine the figures carefully. Although the native supply was still on the increase, the white employment showed during this period for the first time since the war four individual monthly decreases and only two increases. The total native increase in this six months was 9,314. If the number of white men employed had been increased in the ratio of one extra white man to thirteen extra natives, as in the preceding eight months, the white increase should have been 716. If in the ratio of 1 to 5.5, as in the preceding four months, the increase should have been 1,700. Instead of this, the net result of increases and decreases during this six months was an increase of only 190.

That the rate of increase was thus checked, so that in six months the mines provided employment for, in one view, 526 fewer, in another view 1,500 fewer, white men than they would otherwise have done, may, perhaps, seem a small thing. After all, it may be said, there was an actual increase, and no one working was thrown out of work, while the number of men affected was, in any case, small.

Remember, however, that the steady, continuous increase in white employment on the mines, since the war, meant a steady influx of men to take that employment, and that such an inflowing current is not and cannot be stopped at once. The effect of checking the increase in this way was to greatly increase the number of unemployed workmen on

the Rand—partly newcomers, partly men displaced by newcomers.

Remember, too, that if the actual numbers appear small, they are not at all small when considered in relation to our local white population. Just realise for a moment that an increase of the number of unemployed by fifteen hundred in our Rand population is equivalent to an increase of the London unemployed by eighty to a hundred thousand. Figure to yourself the educative effect locally of a policy which in six months increased the number of unemployed in London by a hundred thousand, and you will not find it hard to connect in your own mind this sudden check in the increase of employment (after the steady inflow had for eighteen months been established on the mines) with the stories one was told that this or that big house had told an applicant for work that until more coloured labour was forthcoming they simply could not employ more white men, with the sudden seeming conversion of numbers of working men to pro-Chinese views, with the breaking up of the Wanderers' meeting against Chinese by men brought in from the mines, and, finally, with that beautifully engineered "spontaneous" pro-Chinese deputation to Lord Milner early in last March. Is it surprising that by March, or before, the local anti-Chinese opposition was powerless and beaten down, as one must admit it was?

Whether, however, it is wise statesmanship to accept as the voluntary wish of the people an assent brought about under such circumstances, and to shut your eyes to the conditions which make such things possible, is as much open to question as the system which was not unknown some hundreds of years ago of punishing a man for a crime he had confessed to while under the persuasive influence of the thumbscrew.

Let me here again explicitly state that I do not suggest that the Chamber of Mines deliberately and as a body systematically gave orders for this course of education to be pushed as it was pushed. What I do suggest is that, given the fact that the chamber was agitating for Chinese

labour, the course to follow was so obvious that natural tendencies would make the various houses included in the chamber follow the same general line. For instance, at the beginning of this period in October, 1903, the new Kleinfontein company, of which Sir G. Farrar is chairman, suspended its work underground for several months. This, it was said, was for financial reasons; and I have no doubt it was so. Still, I cannot help thinking that under other circumstances, say, had Sir George Farrar been standing in March for election to the Legislative Council, instead of leading the agitation for Chinese labour, he would have made an effort to arrange for the company being kept in such funds as would enable it to keep right on with its development (which was resumed in the course of seven or eight months), and thus avoid swelling the ranks of the men out of work by adding to them the new Kleinfontein¹ miners.

Now we come to the period when the total coloured labour supply, in spite of Chinese arrivals, showed a falling off of 4,811 for four months, and the white men employed increased by 1,026.

Surely it is straining one's powers of deductions to try and pretend that this was due to the passing of the Ordinance and the arrival of a few hundred Chinamen, and not to the necessity of keeping the work going, combined with the absence of further need to "educate" the local public.

August figures I would make you a present of were it not that, to my certain knowledge, on one mine the number of white men was increased during this month because, being a native-using mine, the native decrease on that mine was such that rather than hang up the stamps, more white men were employed than in the previous month. Presumably the same thing happened on other mines, and a considerable proportion of this 626 increase was due to the dearth of natives, rather than to the arrival of Chinese.

¹ NOTE.—The market valuation of this mine is about £2,000,000, and the amount involved is a few months' interest on the few thousand pounds spent in October to, say, June on work which would in any case be done, and in point of fact was done a few months later.

The following three months I need not more than touch on. If you think an increase of one white man to every sixty-five extra coloured men for two months, followed by one month when the increases were as one to eighteen, is satisfactory evidence of every seven Chinese giving, as Sir G. Farrar said they would, employment for one white man, you are easily satisfied.

The recorded figures, whether we take them alone or read them in the light of the local history of the past two years, you must admit, accord so very well with our theory and so ill with yours that it seems that ours is the right theory and yours the wrong one.

Are we not justified in looking on it as proved by experience that, so far from white employment being strictly dependent on the coloured labour supply, increasing as it increases, remaining stationary or decreasing as it remains stationary or decreases, the contrary is the case?

Is it not a truer statement of the case to say that under existing conditions the opportunities for white men to find employment are increased by a scarcity of coloured labour, and are diminished when the supply of coloured labour is largely increased by Chinese importation?

Having disposed of the suggestion of the Mining Department that Chinese importation has the effect of increasing the proportion of white to coloured labour on the mines, and of your theory of a mechanical ratio between the coloured labour supply and the number of white men for whom it is possible to find employment, let us now take Lord Milner's statement that the first 7,000 Chinese imported gave employment directly on the mines to 1,000 extra white men who would otherwise have been unemployed or not in the country at all.

I will leave alone the airy superstructure he builds on this 1,000 extra white employees, though it would be interesting to know the data which his Excellency is going on.

Let us just consider his simple statement that the introduction of 7,000 Chinese has given employment to 1,000 extra white men on the mines. To begin with we have already

seen that in the first two months for which he takes credit the increase is due not to Chinese coming in, but to the native supply falling off. The very utmost that can be claimed is a portion of the 626 extra white men in August. And how many of these are due to Chinese? If we were to take as a basis the figures of the next three months we should say somewhere about one to every thirty of his 4,900 Chinese, say 160 men, but let us be generous and let us call it, with the men engaged on the temporary work of building compounds, preparing for Chinese arrivals, etc., some 200 or 300 men.

But is one entitled to say even as much as this? Surely not.

If you claim credit for an increase as due to a certain cause you assume that no increase had taken place before that cause became operative, and would not have taken place had it not become operative. And as a glance at the table shows, such an assumption is in this case utterly contrary to facts. On one condition, and one only, I grant you such an assumption would be legitimate. That condition is that we all admit that when the Chamber of Mines say they will or won't do this or that unless certain legislation is passed at their desire, the Colony generally, and the Government in particular, have no other alternative than to say as the Kaffirs do, "Inkoos Baba,"¹ and do as they are bidden.

If you and your friends are going to take up this attitude, I would suggest that you initiate a petition praying that the Transvaal Department of the Colonial Office be at once removed to London Wall, or wherever the Chamber of Mines London offices are. Such a proceeding would be logical, and would have the advantage that no one will in future be misled by any pretence of our being a Colony bearing any resemblance to others over which the Union Jack flies.

Assuming, however, we have not yet quite reached that point, we claim, with the deepest respect for himself and

¹ Literally "Great Chief Father." The usual Kaffir way of expressing his humble submission to an order.

for his high office, that his Excellency's letter is a most unfortunate perversion of fact, and betrays a disregard of the official records which were, or should have been, known to him. The official figures show, as we have already seen, and as one might, even without the figures, have surmised, that in an expanding industry the number of white men had been increasing steadily long before Chinese began to come, or were openly agitated for.

The real facts of the case, as we view them, and we appeal to the figures to decide whether or not we are right, are these :—

By the encouragement which Lord Milner and the Government gave the Chamber of Mines in its scheme for Chinese labour, in almost entire disregard of the practically unanimous wishes of the people when it was first suggested, they have distinctly helped to check the increase of white employment, and with it white immigration.

Had the Government given the chamber to understand that, in view of the unmistakable wishes of the people of the Colony being against their scheme, no Chinese importation would be permitted until such time as the Colony was granted full self-government, the chamber would have gone on without Chinese, and every stamp now dropping would be at work, and more white men employed than at present.

We say that the check in employment from September, 1903, to March, 1904, to educate the people would never have taken place, we point to the fact that if the same rate of increase of white labour had taken place in the period September 30th, 1903 to November 30th, 1904, as took place in the preceding fourteen months, the number of white men employed on November 30th, 1904, would be 16,820, or 1,900¹ more than it actually was.

It is idle for your friends to contend that the rate of increase of white employment would not have been maintained because the native supply would not have increased as rapidly as formerly. The figures clearly show that our

¹ On Lord Milner's theory this would be about 20,000 persons more in prosperous circumstances in the whole community.

contention is right and yours is wrong ; that, in the absence of a disturbing cause like this Chinese scheme, the necessity for getting out the gold is the one and only influence governing the situation ; that this necessity would make them get every stamp to work which is working to-day, while the scarcity of coloured labour would make the increase of white employment not less rapid, but more rapid.

CHAPTER III.

IS UNSKILLED WHITE LABOUR POSSIBLE ?

IN referring to my last letter, you admit that the facts which seemed so conclusive to you turn out, when investigated, not to be facts at all, but only unjustifiable deductions from isolated figures, which, taken in their context, point to totally opposite conclusions.

But you say you think that we, on our side, beg the whole question when we say that, had the Government refused to listen to the demand of the Chamber of Mines for Chinese, the amount of white employment would have gone on increasing, and the volume of industrial work gone on expanding.

You say that the use of white labour of the unskilled kind to supplement any deficiency of natives has been tried *ad nauseam*, and the published results practically all point to one conclusion—viz., that it is quite impossible to employ profitably this kind of labour. Consequently the whole of our argument that the necessity to work at any profit will make the people controlling the mines use whatever labour is available falls to the ground. You quote the evidence given before the 1903 Labour Commission to the effect that the substitution of white for native labour in its entirety (a proposal, by the way, which no one ever made) would mean the raising of the cost per ton of ore by 10s. 1d. as compared with pre-war days, and a cessation of profitable working for all but a very few mines ; and you say obviously no directors are going to work their mines for the sake of losing money.

You remind me, moreover, that, with the exception of my own evidence, all the evidence of those engineers and mine managers who were called as witnesses before the 1903 Labour

Commission pointed to the same conclusion—viz., that progress along these lines was incompatible with profitable working. That since that time company reports and chairmen's speeches have reiterated the same tale time and again, and that, so far as one mine very much in evidence on this white labour question was concerned, a report by one of Messrs. Eckstein's consulting mechanical engineers—not, it is true, sworn to and submitted to cross-examination before the Commission—showed that the use of white labour to the extent it was being used on that mine meant an increase in the cost of 5s. 8d. per ton compared with what it would have cost with native labour.

All these and similar statements convinced you that the supplementing of the existing labour supply by the employment of a larger and larger proportion of white labour meant hopeless stagnation, if not industrial collapse.

Consequently, as you were satisfied that native labour in sufficient quantities for the future industrial development of the Colony was not forthcoming, you were reluctantly forced to range yourself on the side of those who were crying out for Chinese. Further, you say that my comparison of the fourteen months before September, 1903, with the following fourteen months was quite unfair, as in the first period many mines which had been idle owing to the war were got to work, and naturally the rate at which white employment increased would be more rapid than afterwards.

Now, I am not going to bore you by going into any analysis or criticism of the Commission evidence, or to argue that it would be well to substitute white labour for native labour entirely. It is unnecessary to do so, since to dismiss all the native labour offhand and put white men into their places is a thing no one ever suggested.

Certainly it is a suggestion which I have never made, and it has always appeared to me to be one of those usual controversial red herrings drawn across the line.

It will be useful at this stage, in order to avoid other similar red herrings, to define with some degree of clearness what is the real question at issue between us.

You hold that for the very great industrial development which the natural resources of the Transvaal justify us in expecting to take place in the future the native population is insufficient to supply the whole of the necessary labour.

This is a view in which we are in entire agreement. In fact, I believe that when I first expressed this opinion in a public print as early as November, 1902, you were one of those who thought that I was quite wrong, and that there were really plenty of natives in the country to do all the work which would have to be done.

Where we appear to differ seems to me to be in this. You regard the system which had become established of using a large number of cheap and inferior labourers, superintended by a few white men, as the only possible way of getting industrial work done at a cost which would make it profitable to do the work at all. You regard the system as something which is in the nature of things unchangeable and essential, and look on the amount of development which is likely to be done as depending on how far this system can be extended.

Hence you say, as there are not enough Kaffirs in the country to carry out all the development we have in view under this system, we must supplement these by importing Chinese, whom we can regard as yellow Kaffirs, and to whom the same or a similar system is applicable. But, so far from regarding this system as something essential and unchangeable, we regard it as only accidental. Further, it is probably harmful in its general effect on the progress of the industrial and general social and political development of the country, as I will endeavour to make clear in a later letter.

Broadly, we take our stand on the now world-famed mineral riches of the country, and we are convinced that this mineral wealth is in itself sufficient to ensure that it will be developed, if not by the Kaffir system hitherto peculiar to South Africa, then by a gradual adoption of those methods, based on a generally freer labour system, by which the mineral wealth of other new countries has been exploited. We hold that the only way in which dependence on this old-indentured, semi-servile labour system can give place to development of a

European type is by holding to the limits which nature has placed on the supply of native coloured labour from which his system has sprung, and by refusing to indefinitely increase this supply through unlimited importation of similar low-grade labour from Asia.

We also say that by holding to this policy, which is in accordance with the traditional policy of all South African Colonies (Natal excepted), with regard to Asiatics, not only will our mineral resources be developed to their fullest possible extent, and probably to a far greater extent than under the old system, but their development will result in the greatest benefit to, and the establishment of, a prosperous, large, and self-dependent white community, which, in a country situated as South Africa is, is a thing it is essential to aim at.

For this reason when you talk of the success of your Chinese "experiment," and point gleefully to every thirty or sixty Chinamen giving employment to one white man, we see in the result something to be deplored, and think of the ten or twenty white men the thirty to sixty Chinese really displace.

In our view it is not a question of a Chinese "experiment" or a white "experiment" at all, it is a question of which of two definite paths the Colony is choosing to follow.

Personally, I am quite convinced that by taking the line we urge and working out the changes that line entails to their logical conclusion, the gross profits of the mining industry will be so much increased, and the cost of production so much diminished, that our industries will expand much more rapidly than on the Chinese plan. It is, however, a conviction I cannot expect you yet to share, and the immediate question we are dealing with is whether or not if Chinese had not been imported, or if they were stopped, any less work would be done now than is being done, whether the stagnation you fear would have taken, or would take, place.

Remember that this question has nothing to do with that of share values—that is, with the magnitude of working profits. This might affect the attractiveness of future

ventures. But you will grant that, so far as the present equipped mines are concerned, they will work, and not stop working so long as they can do so at a profit.

The point which you and the public in South Africa generally had, and will still have, to make up your mind on is, not whether the use of white labour, with the modification of arrangements and machinery it might entail, used as supplementary to the ordinary Kaffir supply, would increase or diminish the monthly profit of a mine so as to make the shares worth a few shillings more or a few shillings less (my conviction is that it would greatly increase profits eventually), but whether or not if you stand your ground and tell the Chamber that Chinese importation must cease, and that they must face the use of more white labour as a permanency, the effect will be to increase so greatly the cost of work as to mean the closing down of many mines, or, at all events, the dropping of no more stamps.

Since I have been off the mines, and largely dependent for the information on which to base my opinions on our Johannesburg daily Press, I am bound to say I find it easy to understand your holding the opinion you do that such would be the effect. If one order of facts, all compatible with the theory of a thing being impossible, is constantly put forward, you are apt to fall into the habit of thinking it is impossible. But if it should be within your knowledge that there exists another order of facts, which cannot come to light except at considerable risk to the prospects of the person bringing them forward, showing that the impossible has been done month after month, you would refuse to accept the "impossible" theory, or even the theory of its being very difficult, as utterly as I do. For instance, when you first read the conclusion arrived at in the Report I alluded to that the use of a larger proportion of white men on a particular mine meant an extra cost of 5s. 8d. per ton, it would have rather shaken your confidence in this verdict to know, as a few weeks later was admitted, that one of the columns of figures on which this conclusion was based was wrong or imaginary, and that this 5s. 8d. had to be reduced by a quarter.

You would have been still more disinclined to accept this so-called verdict had you realised that the basis of tonnage adopted was a more or less imaginary one, founded on an assumption that the number of tons crushed was in strict proportion to the number of tons of one product, viz., sands and that the proportion which another product of the operation, the slimes, bore to these was a constant quantity.

You would have been yet further stiffened in your refusal to accept the verdict had you known that this was demonstrably not the case, and there was practically conclusive evidence to show that during the period which was made out to be the more costly the proportion of slimes was an increasing proportion (a fact susceptible of a very reasonable explanation).

You would again have refused to abide by the verdict if you had realised that this was a comparison with an old and well-tried system, not of the state of costs under the modified system, which had been arrived at after much work and improvement, but of an average of these costs with those of the whole antecedent period, during which the mine was feeling its way in the use of this new labour element, and adjusting its organisation thereto.

Finally, you would have dismissed the whole plea of impossibility and excessive costliness as really trifling with common sense, if you had been told that on this very mine, while the directors were representing to you that they were suffering in pocket by this system of using white men, and were going to discontinue it, they not only did not diminish the number of white men they used, but actually went on increasing it until, in course of not many months, their white unskilled employees had nearly doubled in numbers; that by persisting in this policy, which they told you was so ruinous, they were able to reduce the cost per ton to a figure actually lower than their pre-war costs; yet such are the facts.

You will urge, and you will no doubt be told, that this was due to a hundred and one contributory causes. This may possibly be, but it does not alter the fact that, on balance, the dearth of natives and the consequent large employment

of white men, so far from making work impossibly expensive resulted in working costs cheaper than before the war. I point of fact, however, they will probably be not over-anxious to make any such plea. As not infrequently happens, when people try to prove what is not the case, they have eventually furnished the most conclusive proof of the badness of their own reasoning. When, in the course of time, owing to the arrival of Chinese and consequent liberation of natives from other mines, they reduced the numbers of their white employees by about 200 to 250, and added some 700 to their native force, you would expect, if they were at all right, that their costs would at once come down. Their theory demands it, as well as the explanations they have given in their attempts to explain away facts. But their theory breaks down at this point, as it does at every other, and the fact is that, up to the end of December, this change notwithstanding, their cost per ton had not come down at all.

From the published returns for last December, some months after the white men had been dispensed with, it appears that their cost per ton (excluding development redemption, which is a book entry and changed from time to time) was practically the same as in August last, when the maximum number of white men were employed.

We shall no doubt hear some months hence that the cost has been reduced, but the same reduction would have resulted in any case from those gradual economies which it is the constant aim of the management to achieve, and which would have come about with labour of any colour. Here you have, it seems to me, the most conclusive evidence that your fear of industrial stagnation is groundless.

This mine is one on which, until August last, Chinese importation had no effect. In September, 1903, it had only some 1,000 Kaffirs. In August, 1904, it had less even than that number. In September, 1903, it was only dropping 120 stamps, and doing no sorting (equal to about 90 stamps, with 25 per cent. sorting). In August, 1904, it was dropping 160 stamps and doing 25 per cent. sorting. In September, 1903, it mined and extracted the gold from between

7,000 and 18,000 tons of ore. In August, 1904, it mined and extracted the gold from 29,000 tons of ore. Not much sign of stagnation there. In September, 1903, it was employing about 375 white men. In August, 1904, it was employing about 500. Not, again, much sign of stagnation of employment there. In September, 1903, its costs were (excluding development redemption) about 20s. 6d. per ton mined and treated without sorting. In August, 1904, its costs were 15s. 6d. per ton mined with sorting. Not, again, much sign here of hopeless increase of cost, which would make directors close down their mine in despair of working at a profit.

Now this, it has been said, is a mine of a high grade. With every desire to be fair-minded, it is difficult to believe in the good faith and ingenuousness with which this assertion is made by those who know perfectly well that, while it was six years ago a high-grade mine, it is so no longer, and is to-day one of a grade below the average of the Rand. It is a mine with reefs of average width, and can be in every respect taken, so far as my knowledge goes, as an average mine. There are mines with very small reefs where the same progress as was made here would be more difficult, perhaps. There are others with wider reefs where the same progress would be more easily accomplished.

This particular mine is, perhaps, thought by you to be in some way exceptional in getting rather favourable results in the use of this supplementary white labour.

This, however, is not the case; it is only exceptional in the fact that its results have from time to time been made to emerge from the obscurity which by force of circumstances surrounds other evidence of the same kind.

The facts in themselves should be sufficient to exorcise the stagnation bogey; and, indeed, there seems to be every circumstance one can desire to enable one to drive home one's case.

The present manager, under whom most of this progress was made, held, and perhaps holds still, the view that white labour cannot be used to any extent except at an excessive cost. Had he given evidence before the Labour Commission,

I have no doubt that his evidence would have been similar to that of the gentlemen you quote, and no one who knows him would dream of suggesting that he would have expressed any other than his honest conviction. He took charge of this mine, in which he found a certain amount of white labour installed, with convictions totally different from those of his predecessor on this thorny subject. He could be accused of no political or personal bias in favour of using more white labour, and was confronted by the pure business problem of how, with a very limited supply of coloured labour, to do the best possible in the way of profits for his company. This problem, as the circumstances of the time made it, he solved by the increased use of white labour, increased output, and, as was to be expected from the ability of himself and his staff, a continuously decreasing cost of production.

All your prejudices, all your habit of mind with respect to work in South Africa, have made you tend to regard Kaffir or some coloured labour as indispensable. Our prejudices and the habits into which we fall are second nature to us, no doubt; but if we want to decide on a question of fact of the utmost importance, it is well to make an effort to divest ourselves of these. I hope you will do so, and allow these facts to outweigh any preconceived ideas on your part.

This, let me add, is no isolated instance. In addition to the facts I have quoted about this mine, I personally know of at least one other from which even more striking evidence of the absurdity of this theory of economic impossibility could be drawn.

Far be it from me to question the ability of the many able men whose experience has differed from mine. Many of them are men for whose professional ability I have the highest respect and admiration, but that does not necessarily make me look on them as infallible on every point. It is one thing for a particular line to be pursued under circumstances which preclude any other alternative, and make its success a necessity, or with the firm belief that it is in itself a good thing in the end for your mine; it is another altogether to try to make progress in this way with the opinion

that it is only a temporary business, which at best you do not believe in, and with the full belief that Chinese labour is the thing aimed at by your employers, and will be pushed for and obtained.

You know as well as I do that from before the end of 1902 it was well known, although not officially stated, that the groups had made up their mind that, as they nicely put it, "Chinese labour must come," and it is absurd to say that under such conditions the results arrived at will be in any kind of correct relation to real possibilities. To endeavour to connect this view with any insinuations of any aspersions on the honour and integrity of those engineers who truthfully gave their opinions and experiences strikes me as merely malicious.

One very important effect, one way in which the existence of this set policy exerts its influence, is, we assert, that, on the one hand, no very strenuous efforts will be made to avoid the necessity to have a supplementary coloured labour supply, and, on the other, that the general public is not likely to hear so much of evidence testifying to cheap results obtained from an increased use of white labour, as of that testifying to its excessive cost in individual cases.¹

In the course of my work when a thing which my superiors meant to have done has seemed impossible to me, I have sometimes been told that if I could not do it they would get someone else who would, and the phrase is not unknown to workmen on the mines. The pity is that the Government did not adopt some such attitude towards the Chamber of Mines.

¹ Perhaps one of the quaintest cases of the way in which white labour is made to bear the load of much blame is furnished by the Report of the Angels Deep. In the directors' report the shareholders are told that, owing to using white labour, the shafts have cost £6 a foot more than they would have done. This struck one as a startling amount to attribute to the colour of the labourer, but it loses some of its weight by the chairman saying in his speech at the general meeting of shareholders that the directors would not have alluded to this much-worn subject had not it been necessary to account to shareholders for the excessive cost of shaft sinking. One cannot but feel some pity for the directors of a year hence, when the stock white-labour excuse is no longer ready to their hand.

The facts quoted above convince me that your apprehension that stagnation would have taken place, or will take place when the Colony firmly gives the mine-owners to understand that Chinese importation must cease, is groundless. The further point you make that the fourteen months prior to September, 1903, are not comparable with those after it we meet by pointing to the stamps still lying idle. We say that these stamps are idle because it has been decided to adhere to the old plan, and that had Chinese labour been met at the outset with a firm refusal, just as other mines got to work without it, so would these be now working instead of waiting for further shipments of Chinese before beginning.

CHAPTER IV.

THE MINE-OWNERS *v.* THE COMMUNITY.

IN criticising my last two or three letters, you say you still think that my judgment is warped by a too great distrust of the Chamber of Mines.

You say: "One does not expect the men directing the affairs of the mines to be actuated in all they do in their business by motives of philanthropy or pure patriotism. But there is no need to distrust everything they say merely because they possess or represent great wealth. They are ordinary business men, taking care of their own interests and those of the financial corporations and shareholders whom they represent, and you can't get away from the facts that the more the country is developed the better it is for us all."

Now, I entirely agree with you in regarding the function of the Chamber of Mines as being primarily and solely to safeguard the interests of the financial houses controlling, and the shareholders interested in, the mines. I have also little or no sympathy with those who are never tired of throwing mud at capitalists merely because they are capitalists. Where I differ from you is in not adopting your complacent attitude towards the Chamber when it takes a hand in political matters. When at their companies' meetings the financiers tell us that they desire this, that, or the other legislation in the interests of their shareholders, I listen with all respect. A millionaire has as much right to say what he looks on as desirable in his own interest as the rest of us. I confess, however, I suspect some of those same gentlemen of talking with their tongues in their cheeks when they say that they want a thing only because it is for the good of the country.

I agree with you with a very big reservation, that the more the material sources of the Colony are developed, the better it is for us all. I agree with you that for this development capital is necessary.

But I disagree with you when you put it to me as a general proposition that any measure tending to increase the profits on the present undertakings, and so to make it easier for these particular firms to raise the capital necessary for further ventures, must necessarily be for the benefit of the whole Colony. To my mind, the statement that the interests of the present ring of big houses and those of the general community are identical is about as far away from being a statement of fact as I can conceive.

While there may be circumstances in which the interests of capital may be the same as those of the community, it does not necessarily follow that the interests of capitalists as a whole, and those of the particular comparatively small group of financiers who aspire to the control of the whole of the Transvaal mining industry, are identical. If, therefore, the interests of the Colony and the interests of persons in Europe and elsewhere who require profitable investments for their money—*i.e.* of capital—are only in certain circumstances identical, much fewer will be the occasions in which the interests of the Colony and those of the particular group of financiers who act as middlemen between the investing public and the Transvaal are identical.

Your case is that without Chinese the costs of working would have gone up so materially that the dividends from the mines would have shown a great falling off. In reply to my contention that facts show this not to be the case, and that by making up the native shortage with white men and machinery, adjusting your organisation and the size of your mines, etc., you could work as cheaply as ever you did, and eventually much more cheaply, you say that you cannot risk this, and that the rate of interest yielded by dividends on the capital invested on the mines is at present so small already that almost anything is justifiable to ensure its being increased. Otherwise you fear the flow of capital into the

country is in danger of being stopped altogether. When I asked you how you arrived at this conclusion, how much money you thought had been put into the mines, and what the net rate of interest on this sum actual dividends represented, you said you understood that £200,000,000 or more had been sunk, and about £4,000,000 per annum in dividends were expected to be paid this year, and this would only work out to 2 per cent. on the money invested.

I recognised these figures as being the same as are thrown about, quoted, and believed; but have you ever looked into the facts for yourself?

You will admit that the only capital which is really necessary for the development of the mines, the only capital which benefits the Colony, is that which is actually spent in such development and in making the mines productive. The money the investors pay by way of toll to the big houses, who act as middlemen between them and the gold mining industry proper, goes to enrich those middlemen; but, excepting perhaps a necessary percentage to remunerate those middlemen for their services, is not really necessary to the development of the industry.

Now if you will examine the State Mining Engineer's report for 1903 and 1904 you will find that Tables No. 11 and 12 give some most interesting statistics of capital. They are, he says, incomplete, and do not include all the mines, but so far as they go may be taken as a reliable sample, and include most of the principal mining companies. Table No. 12 gives statistics as to funds invested, assets, etc., June 30th, 1903.

You will notice that the Witwatersrand mines are divided into producing dividend paying, producing non-dividend paying, developing, and not working. The developing mines and the mines not working, we will neglect. The question we are discussing is the interest yielded on money invested in the mines which have reached such a stage that the attractiveness of the field to an investor can be judged of. The investor in Classes 3 and 4, equally with the new investor whose money it is desirable to attract, has been

attracted by prospects based on the results obtained in those mines. Now the only expenditure which has been necessary on the producing mines to bring them to the producing and dividend-earning stage has been that included in columns 2, 3, and a part of that included in column 5. The amount spent on mining area is to all intents and purposes the middleman's toll, as these amounts are practically entirely paid in scrip or cash, usually scrip, to the big houses who acted as vendors, and is not expenditure necessary to the extraction of gold. The amount spent in shares in other companies is also not expenditure necessary for the production of gold. Such expenditure is all included in the amounts given in columns 2 and 3, and in such portions of those in column 5 as represent money invested in mine buildings, water rights, etc., and is expenditure necessary for actual mining of gold, excluding whatever amounts may represent cash in hand. The total expenditure on these two classes of mines as given in these three columns, 2, 3, and 5, adds up to £23,048,769.

Column No. 5 includes cash in hand and other assets which should be excluded for our purpose, which is to get at the actual cash that has been necessary to convert the bare veldt underneath which the gold lay, into productive mines. If for cash and other assets we deduct £1,048,769 and call the sum we are arriving at a round £22,000,000, we shall probably be rather over the mark. Now the dividends paid by these mines in 1902-3 amounted to £2,855,626, or practically 13 per cent. on the cash invested.

It may be contended that as these figures refer to 1902-3, and it was only the richer mines which were then working, this rate is higher than is normally the case. This, however, does not quite fairly state the case, and rather is the rate of interest understated, for although the producing mines may have been above the average, they were only then beginning to get into swing after the war. As a rough estimate, which will be found to be very near the mark, you can take it that under £30,000,000 in cash from outside has been put into the work of equipping mines on the Witwatersrand,

which have before or since the war reached a producing stage, and that the normal dividends obtained and expected from these mines would, under the circumstances of the time, probably total up to an average over past and future £4,500,000 a year, or 15 per cent. on this sum.

Now when we take the profits which have been made in the past on some of the mines—the long life ahead of very many others included in this estimate of producing mines, if we put as the net result of the combination of the bare veldt and the thirty millions cash the production of a dividend annuity of four and a half millions per annum, lasting for an average of fifteen years, we are pretty near the mark.¹ Can you point out any considerable gold mining field in the world where the yield, combined with anything like same safety on investment of capital is higher than this—viz., 15 per cent.?

That the prospects are, in the opinion of the big houses, sufficiently attractive to make it very easy to get this necessary capital is sufficiently clearly shown by other figures in the same table. Supposing it were not so, and supposing that the offer of 15 per cent. only just sufficed to bring in the capital necessary for development, then it is clear that the capitalists owning the ground would have to be content to put in their own capital as part of this £30,000,000, get the remainder subscribed by the public, and divide the profits *pro rata* to the cash put up by themselves and that put up by the public. The value of the actual mining area—that is to say, the right to mine in that ground without spending your own money in developing—would under such supposed conditions be *nil*.

What, however, do we find on referring to the figures? That the amount which the public have been willing to pay them in scrip or cash for the privilege of putting their £30,000,000 into this venture, which yields 15 per cent., has amounted to £16,800,000. This is, however, nominal

¹ This estimate of fifteen years as the average past and future life of those mines included in this estimate must not be confused with the life of the Rand, which is, of course, three or four times this.

value only, as most of it is in scrip, and to it must be added the difference between the nominal value of a £1 share and the price the public appear to have been willing to give for that £1 share. This would appear from comparison between columns A and B in the table of premium on shares to have been an average of about £2 6s.

Consequently it appears that the rate of interest expected has been so attractive to the investing public that they have been willing to pay the big houses, and those associated with them who were owners of the mining ground, something like fifty-five and a half millions for the privilege of putting up the thirty millions necessary for actual mining.

If I were to adopt your figure of 200 millions invested by the public in these mines, and compare it with 30 millions actually put into development, it would appear that of the money subscribed by the public only 3s. in the pound found its way into the ground. This, however, would, I think, be an overstatement, and I should estimate that an average of 4s. or 5s. in the pound resulted in and paid for actual work. In any case, an extravagant method from the point of view of the Colony of getting the money necessary to develop its natural resources. Only a very cursory examination of this table, however, is needed to show that there is a very wide margin between the conditions which actually do prevail and those which would result in the cash necessary for developing the mines not being forthcoming at all.

I have dealt in the above with generalities. Now let us deal with an individual instance or two to illustrate these points.

Let us take a moderately recent flotation—viz., the City Deep. This is a virgin property in a very well-proved area, and is 190 claims in extent. The nominal capital of the company is £600,000, in £1 shares, of which 380,000 shares have been paid to the vendors of the property—*i.e.*, the promoters—and 70,000 issued at a guaranteed price of £3, also to the promoters probably, leaving unissued 150,000 shares. Now just let us see what this means. Without going into any figures of intrinsic values, it means first of all that the promoters value each share at £3, and that they put the

discounted present value of the whole of the dividends to be got from mining on this block at £1,800,000. It further means that they estimate that the sale of 220,000 shares (that is to say, 600,000 less 380,000) at £3 will provide £660,000, which they regard as the cash necessary to turn their bare veldt into a dividend producing gold mine.

It yet further means, supposing the programme carried out, the mine working, and the public willing to buy all the shares which they will sell at £3, and supposing they sell all their shares at that price, that of the £1,800,000 which the public will have subscribed, £660,000 will have gone into the actual work of equipping and developing the mine, and £1,140,000 will have gone into the pockets of the promoters and the firms with which they are associated in Europe. In other words, of the £1,800,000 invested by the public (supposing the shares not to go higher than £3), only some 7s. in the £1 will be really money necessary for equipment and development.

Now let us take another case : the Consolidated Goldfields of South Africa. This company had up to last March (I quote from the "Mines of the Transvaal," published by the "Statist") paid dividends in all amounting to £3,175,000. The only mines in the list given of those in which this company has any considerable shareholdings, and which are dividend-paying, industrial, gold mining companies, are the Robinson Deep and the Simmer and Jack, Rietfontein A and Village Main Reef.

The Robinson Deep had paid in dividends to all shareholders up to that date £341,500, the Simmer and Jack £587,500, the Village Main Reef £609,500, Rietfontein A, £176,400.

We are told that the Consolidated Gold Fields hold one-half of the share capital of the Simmer and Jack, and one-half of that of the Robinson Deep, and we may presume their holding in the other two mines is very considerably less. So that if we take the actual cash they have received from profits of actual gold mining, it probably does not exceed £600,000, even if it comes up to that figure.

If you compare this figure, £600,000, with the dividends paid, £3,175,000, and add to the latter the many millions representing the difference between their nominal capital and the value of the holdings they have acquired out of profits, you cannot fail to have it brought home to you very clearly how, like all the other big firms, the real business from which the profits are made is not the industrial work of mining, but the equally legitimate, if more lucrative, work of land buying, company promoting and share dealing.

That portion of any man's business from which the vast majority of his profits comes is that in regard to which he will view most questions, and consequently I do not think one is imputing any extraordinary crime to the Chamber of Mines as a whole if one thinks that in all political questions it will be their control of mining land and industrial affairs in its relation to their profitable promoting business which will be their first consideration.

We have no quarrel with the mine owners for having got such huge sums out of the investing public for the privilege of mining on their ground. They had the foresight to see that this ground would be of very great value, and backed their foresight. If we had had the same foresight we should be entitled to the same reward.

But it is another matter altogether when they come to us, as they practically do, and say that when they got these huge sums out of the European investor their foresight was at fault over a most important element in the situation. They thought they would have all the coloured labour in Africa they wanted; they thought the yield per ton would average as high as it did at first, and now they find they are wrong. Therefore, now they find that they were mistaken they ask us to alter our laws to let them have Asiatics, as they think by that means they can wring enough profit out of the mines to justify the price they have put upon the ground, and to preserve their credit with those whom they have induced to put money in their terms.

This seems to us to be carrying the vested interest argument a bit too far. We, the general community—

chiefly in one way or another, a wage-earning community, dependent on the working of the mines—say that we have also vested interests in the matter; that to safeguard these we must keep things as they are; that with things as they are the big houses and mining companies are dependent on our services in one way or the other in getting out their gold, and the extent to which they are dependent on us determines in the long run the proportion of that gold which finds its way into our pockets. Consequently we object to the rules of the game being altered in the way they desire, by giving them the call on a lot of cheap Asiatic labour. We say that such a measure will make them more and more independent of our assistance in the only industry at present in the country, and we insist on their demands for this organic change being resisted and on our vested interests being protected. If they feel their responsibility to their oversea shareholders so keenly, we can only honour them for their sense of the sacredness of their trust. If we found them in obedience to that sentiment proposing to refund to those shareholders a great deal of the money they had received from them on their mistaken representations, we should applaud them as men of uncommon sense of commercial honour.

But without taxing our vocabulary for superlatives of eulogium we can still express our applause when they tell us that they propose to put things right between them and their clientèle of investors at the expense of the benefits which the general conditions of work secure to the public of the Colony.

If there is going to be any change in the laws regulating the affairs of the mining industry we want a change in the direction of correcting the defects of the law which have allowed them to acquire, and to hold at practically no cost, a practical monopoly of the whole gold mining area, and consequently a monopoly of the introduction of capital into the country. We should like to see devised some scheme which would automatically deprive them of the power of accelerating or retarding, to suit their own promoting interests, the rate at which the real industrial work of getting the gold

shall expand, which alone interests us, and the encouragement of which was the aim of the original framers of the law. Remember that the original owner of the ground was dispossessed of the use of his land, when it was proclaimed a public digging, for the purpose of enabling the minerals to be worked, and for no other purpose.

Do not suppose I am running atilt at company promoting *quâ* company promoting. I recognise its usefulness and the very necessary function it fulfils in collecting all the small amounts which in the aggregate make up the "capital" which is required to develop industries. What I do desire to bring out very plainly is that, from the point of view of the vast majority of the inhabitants of the Colony, it is the increase of the actual industrial work which is the main consideration, and the only consideration; while from the point of view of the group of firms controlling the Chamber of Mines the actual industrial work, while serving undoubtedly as the basis of their operations, is less important to them than the securing of the advantages their present position gives them for carrying out their more lucrative promoting business.

Hence, in any policy advocated by the chamber, it would only be adopting the attitude of a cautious business man, if the Government, representing the people of the Colony, should be very much on its guard and institute a very rigorous inquiry to see whether that policy is really necessary for industrial work, or whether, in the main, it is only necessary to maintain the very high promoting profits. Briefly, the working of natural forces will always make the chamber desire the state of things which will tend towards securing their monopoly of the promoting business and consequent higher profits out of any money subscribed. The interest of the state, on the other hand, is to secure as much competition as possible in this business, with its natural result of as great a proportion as possible of subscribed money finding its way into actual work.

STATISTICS OF CAPITAL.

TABLE SHOWING SHARE CAPITAL, PREMIUMS, AND DEBENTURES AS AT JUNE 30TH, 1903.

CLASSIFICATION.	SHARE CAPITAL.			PREMIUMS ON SHARES.		
	Nominal.	Distribution of Issued Share Capital.		A Proportion Representing Capital.	B Proportion Representing Premiums.	Total Amount Received.
		For Property, Vendor Shares, &c.	For Working Capital and Cash.			
Gold Mines.	£	£	£	£	£	£
Witwatersrand Area—						
Producing, dividend paying	11,945,000	9,610,342	2,223,408	1,738,404	4,800,268	6,538,672
Producing, non - dividend paying	11,137,895	7,451,425	3,464,683	2,243,732	4,403,509	6,647,241
Developing	14,209,047	8,325,036	4,823,556	2,704,655	3,133,541	5,838,196
Mines not working	34,826,309	21,705,657	7,771,133	4,368,228	6,768,429	11,136,657
Total for Witwatersrand	71,118,251	47,092,460	18,282,780	11,055,019	19,105,747	30,160,766

STATISTICS OF CAPITAL.

TABLE SHOWING FUNDS INVESTED IN MINES, &C., AND ASSETS—30TH JUNE, 1903.

CLASSIFICATION.	ASSETS.				
	1.	2.	3.	4.	5.
	Mining Area.	Amount expended in Shafts and Mine Development.	Amount expended in Equipment.	Shares in other Companies.	Sundry Assets, including Cash.
Gold Mines.	£	£	£	£	£
Witwatersrand Area—					
Producing, dividend paying	9,463,619	2,593,713	5,371,193	991,877	4,383,960
Producing, non-dividend paying	7,412,163	2,927,727	5,197,963	240,652	2,574,213
Developing	7,621,028	2,825,606	3,985,635	621,419	3,609,237
Mines not working	20,729,358	1,421,076	2,555,495	8,414,577	9,403,453
Total for Witwatersrand	45,226,168	9,768,212	17,110,286	10,268,555	19,970,863

CHAPTER V.

THE ANTIPATHY TO FREE LABOUR.

IN my last letter I gave you some of our reasons for disagreeing entirely with your general proposition that the interests of the big houses and those of the community were identical.

In this letter I propose to indicate our reasons for holding that in this particular Chinese question these interests are thoroughly antagonistic.

On the principle that every man must be allowed to be the best judge of his own business, we may assume, from the urgency and consistency with which the Chamber have pressed for Chinese labour, that they were satisfied their interests demanded the introduction of such labour. The reasons for which they desired it, we know, were not confined to the purely economic considerations they put forward, so it is worth while to look a little closely into the matter. I think, when you analyse the position, you will find that the question of Chinese or no Chinese became of such vital importance to the Chamber of Mines, because wrapped up in it was an issue of supreme importance to them, and, as I view it, intimately connected with their being enabled to hold unchallenged their present practical monopoly of the money-finding business.

This issue is, as I have before said, whether the mining industry in the future is an industry employing large masses of semi-servile indentured labour of an inferior race, combined with the smallest possible sprinkling of white men—an industry, in fact, capable of control by the fewest possible number of white men; or whether, in working their mines, circumstances would oblige them to employ a larger and larger number of free, non-indentured white men, on whose

labours they would consequently be to a larger and larger extent dependent for their profits as time went on.

It is not difficult to see that this is a question of first-class importance to a body of men who appear to aim at acquiring the whole known mining area in the Colony, and particularly when it is realised that for the most part they are men who are not citizens of the Colony, and have only outside and pecuniary interest in the affairs of that colony.

Just think for a minute what it meant to them, and please here distinguish carefully between their interests as owners of real actual mines, looking for their income to the purely industrial work of getting the gold ; and their interests as owners of huge areas of undeveloped ground parcelled out, or to be parcelled out into a number of prospective mines, looking for the major part of their profits to the possibility of floating these off just at those times which seemed most favourable to their getting the maximum reward in the way of vendors' interest in the nominal capital.

If they could see their way to projecting their indentured system indefinitely into the future, they could go straight on in the policy they had marked out for themselves when in 1900 they formed the Witswatersrand Native Labour Association. The main features of this policy can be described in a few words. They are as near as possible the complete abolition of competition for the services of the native labourer as between mine and mine, with the result of bringing the working of all the mines to as near a dead level as circumstances will allow ; the getting into the hands of the small junta of representatives of the controlling houses the absolute grip of practically the whole mining labour in the country ; the regulation of the rates of native wages to the lowest possible figure at which natives could be induced to work when they found that the employers were such a strong and unanimous combination that unless they agreed to work for the figure fixed by the ring they would have to forego making any money out of working at the mines at all.

This line of policy would have as its natural corollary the cementing of this alliance of all the big employers in the

Colony, and the substitution of combination for competition in all questions dealing with labour, whether white or black; in all questions dealing with those whose services were required for mining work indirectly, such as the suppliers of stores, etc., etc., and, naturally, also in all questions of a political character. The objective towards which such a combination would work, in their capacity of owners of actual mines, would and must, from the nature of things, be always the sending of the gold to their oversea shareholders, with as little loss in the way of expenditure in the Colony in extracting that gold as possible, and in their capacity of financiers carrying on the more profitable business of mining area buyers and company promoters, to aid one another in securing themselves against any change in the general condition of affairs which might, or would, probably, result in greater competition in this business from without.

In fact, the aim of such a combination must perforce be to see, in the first capacity, that the overspill from the gold mines (to use Lord Milner's expression), on which the Colony is supposed to depend, shall be as small as possible. With this aim, in the main, I entirely sympathise, and I do not find myself able to agree altogether with some of our friends who think that low working costs are not the thing to be desired. From my point of view, I should like to see them get the costs down as low as possible, work all the lowest-grade mines they can, and make, in consequence, the volume of work being done as great as possible—always provided that this end is achieved under conditions which will ensure the greatest possible benefit to the Colony.

The line I have consistently advocated to be followed to arrive at this end is the supplementing of our deficiency of natives by an ever-increasing proportion of white men, by the use of more machinery, and by what follows as a natural conclusion, the adoption of very much larger claim areas as the individual mine units.

By following this line I hold that the gold will be won very much more quickly and cheaply, and the expansion of

the industry will at the same time result in the establishment of the largest and most prosperous white colony dependent on its own labours for its own prosperity.

That the gold will be exhausted too quickly by this means is a fear one can dismiss, as it will take at least two generations, during which an enormous industrial population is at work, before this will take place, and a large white community which has been established for two generations, and accustomed to do most of its own work for itself, will be in a position to solve its own problems.

If the same line of development is pursued by the importation of masses of indentured Chinese, however, quite a contrary effect will result. The white community will be reduced to the smallest possible number necessary for the extraction of the gold, as I will endeavour to show, and when the gold has been taken out and the Chinese disappear, this community, accustomed to depend on the labour of our inferior race, will in all probability melt away.

Already this line of development with Chinese, as I see from the articles in the *Economist*, by their very able special mining commissioner, is in the air. And it is interesting to notice how the advantages which the adoption of working on a large scale gives to reduction of costs now that Chinese have been secured is beginning to be recognised—advantages which would relatively be the same whether the labour were white or yellow. Formerly these possibilities of arriving at lower costs were not mentioned, and we were told that the present arrangements and organisation were the ultimate expression of good mine management and engineering.

To return now to the natural line which the capitalist combination will need to pursue in their capacity of buyers of mining areas, and promoters of mining companies to work them. It is in this capacity that the indefinite extension of the indentured, inferior race labour system is really of paramount importance to them.

With this extension secured to them, they know that the great mass of the labour they are dependent on will be labour imported under indenture from China or from neighbouring

South African territories. The individuals composing this mass would not be part of the resident population, and would form no part of the self-governing community in the future.

The proportion of white men directly employed on the mines would, too, be so small that any opposition from them could be disregarded. Whether or not those controlling the Chamber of Mines policy have been consciously influenced by such consideration no one can say but themselves, but it is a matter requiring no argument that in the main people will be impelled to follow the line along which their greatest interests lie.

Anyhow, some such state of things as I have indicated, and an immense grip over the whole population, coloured and white, would result from following the line of labour policy which the chamber had made various efforts before the war, to arrive at, and which they really embarked on in 1900—a policy of which the first outward and visible sign was the Witwatersrand Native Labour Association. Just consider what were its first acts after the combination was formed. The drastic reduction of native wages by forty per cent. or so. It is true it was done at so ill-advised a time that, after much worrying and much delay in getting natives, it was again raised, but does it not clearly indicate the line of country they mean to travel over? What was another? The entire abolition of contracting on the mines, and the abolition of any freedom of choice on the part of the native as to which mine he desired to go to. Both these steps had again to be retraced as the exigencies of the time demanded that natives must be attracted; but they show that the ideal aimed at by the chamber is a state of things in which the whole of the labour on the mines could be regulated to a dead level, and adequately dealt with by a few clerks in the financial offices typewriting circulars.

I am not here discussing whether 35s. a month is more or less than a native is worth. Compared with the results we could get out of the mines with our own people in our own way, I do not believe myself that an average Kaffir from this

point of view is worth more than a shilling a day, and I should have preferred to see the low rate, once it was fixed, adhered to until, by using a very much larger proportion of white men in different ways, we had reduced the fictitious demand for native labour and its accompanying tendency to a fictitious wage. Nor am I maintaining that this ideal is in the real interests of the genuine industry of gold getting.

Such a state of things as will be, and is being, arrived at, by following this policy with its accompanying evils of over-organisation, reduction of individual initiative to a minimum, the practical abolition of competition and the protection it gives mediocrity in influential places from having its mediocre ability discovered in the rough and tumble of competition, is, in my belief, very much less conducive eventually to the cheap working of the mines and the interests of ordinary shareholders than would result from a freer rein being given to competition on individual mines.

Suppose that the Government had stood firm and had said that no Chinese proposal would be entertained till the country was fully self-governing, *i.e.*, perhaps two or three years from that time. Would not, must not, the course of events have been something of this kind? Would not one group of mines after the other have made up their minds that it was better to leave the association and cater for themselves, as had already been done by a very few small mines? Imagine yourself responsible for some mines with, say, a very narrow reef, such as the Roodepoort mines. This narrow reef involves narrow stoping, and therefore as things are to-day a greater dependence on native labour than mines with a wider reef. Consequently natives being here, in your opinion, more essential to your work than they are to, say, A. & Co., who have mines with wider stopes in which they can use more machines, you would naturally be more anxious to secure natives even at a higher rate than A. & Co. would care to agree to give theirs. A. & Co. can get all their stamps going and make out fairly well with a supply of natives less than they would like, while for you such a deficit means stamps hanging idle. Natives are, in fact, more

valuable to you than to A. & Co., and you are not going on for ever losing interest on the money you and your shareholders have invested in your narrow reef mines, because A. & Co. are satisfied with what, in proportion to their nominal requirements, they can get at the present prices.

Obviously when you were convinced that there was not likely to be for some time coloured labour enough to supply all your and their wants at the cheaper rate, the time would come when you would say that if you could not get natives for 2s. a day it would pay you better to pay 3s. a day than to keep your stamps hung up any longer. A. & Co. could, in fact, do as they pleased, but you were going to get all the natives you wanted for 3s. a day.

You may object to this, that if the combination broke down, and the various groups of mines were competing with one another the rich mines would pay high wages, would absorb all the native labour, and the rate of native wages would rise so that the poorer mines would be unable to work. But would this be the natural result? Surely not. Supposing that the mines did compete with each other, would not the first mines to raise wages be not the rich mines but those which could least easily be worked without a full supply of natives? And would not the first effect of such a rise in wages be to make the wider reef mines (including most of the richer mines) use more and more machines and white men, and so reduce their requirements of natives? A rich mine, no more than a poor mine, is going to pay a native wage a penny higher than the limit at which it can get the same effect as cheaply without his labour being required at all. If they contend to-day that natives at 2s. are cheaper than the use of white men and machines, does it not follow that if they had to pay 3s. a day to natives, there would be a greater tendency to do their work without them? In any view of the relative efficiency of white and black labour there must be a limit at which the native ceases to be cheaper than the white man. Will not, in fact, the ordinary working of the laws of supply and demand eventually regulate the rate of wages and enable it to find

its natural level better than any regulation of the Chamber of Mines? Will not your narrow reef mine find, in the course of a not very long time, that the increasing tendency on the part of other mines to dispense with natives in a great deal of their work has so reduced the demand for natives that it is able to get all its wants for the old rate, if that rate is, as every engineer will tell you, about what an average native is worth?

If not, it is surely ridiculous to talk about native labour only being worth 2s. a day. You cannot say labour is really only worth such and such a rate without reference to any standard of comparison. And the only standard of comparison of any value is the price at which the same effect could be produced without using that labour.

CHAPTER VI.

FREEZING OUT WHITE LABOUR.

FROM my last letter you will, I hope, begin to see with some clearness what, in our view, is the really essential question immediately involved in this Chinese labour movement—from the mine-owners', or, rather, mining land-buyers' and promoters', point of view—whether or not they were going to perpetuate and extend their indentured labour system, with all its accompanying advantages to them, and whether the future was going to be one of close combination among themselves, protected from danger of competition external and internal; from the point of view of the people of the Colony, whether or not they were going to assist the mine-owners in this, or whether, by standing by their old ideals, and refusing to alter the law to suit the mine-owner, they were going to make such cast-iron combination very difficult of continuance, and ensure, as far as in them lay, a healthy free play of competition in all parts of the big industry of the country. Which of the two is in general best for the Colony seems to us self-evident; but let us see how each scheme will affect the different classes of the community.

Take the working classes first. Under a system based on a denial to the mine-owners of their demand to have Chinese brought in, they have the best of all possible security for their own well-being, viz., that in order to win the gold out of which the shareholders in the actual mines have to make their profit, the mine-owners, in the absence of cheaper labour, require their services. Under the old system and the dearth of coloured labour, as we have seen, there was a continual increase in the number of white men employed, due to the necessity the employers were under to employ labour

to get their work done—coloured labour and hand labour when circumstances permitted and, in the absence of as much coloured labour as they liked, more white men with or without more machines.

It must have been incomprehensible to many that a number of the labouring classes at one time were induced to join in the agitation for Chinese. But they were told during the pro-Chinese agitation many things. One was that in the event of Chinese being disallowed, the chamber would have no alternative but to bring in cheap indentured white men in any quantity at a very low wage, and that these would rapidly learn the work of the present skilled men, and cut them out at a reduced wage.

I should imagine, in the first place, that the Colony might have something to say to a deliberate system of bringing in large numbers of white men under indenture. In the second place, my experience with white men has always been that, as soon as a man has risen from the ranks into any skilled trade, he is as jealous of the wages and rights of that trade as the oldest hand in it. He would certainly combine with his fellow craftsmen to resist a reduction of skilled wages. I can imagine very few cases where he would combine with the chamber to lower them.¹

The only things that make a white man work in any

¹ I once had some machine men strike because I wanted them to look after three machines with white helpers at the same rate of pay as they were getting for looking after two machines with native helpers. The machine men—that is, the skilled men—were the men who were aggrieved, as they were full of fear that it would eventually lead to a reduction in the demand for their services, and so to less pay. But it was curious that just about as many of the unskilled men struck with them as of the skilled men.

The skilled men who struck told me that my scheme of running a number of machines with unskilled white men under the supervision of a skilled man—I believe I was aiming at running six or eight in this way—would not pay me, and they were quite right. That scheme certainly did not pay, and the way to use white helpers, which experience and feeling one's way eventually showed me really did pay, was to give a skilled man not three machines instead of two, but one machine instead of two. A system which results in using a skilled man for every machine instead of for every two machines is, I think, better for the machine miner than a Chinese system, where the natural tendency is and must be to reduce the number of machines in use at all to the smallest possible number.

country are, so far as I know, a desire to get on and the need to buy the meat, drink, and the wherewithal to be clothed.

If you bring them out under indenture with their board and lodging and so much a day guaranteed, you will probably find that the best of them—those spurred with a desire to get on, will find out in a very few days that they can get better wages elsewhere. They will want to leave you, and if you do not let them go, they will go without your leave, and it will be more trouble than it will be worth to get them back. The rest, without such ambition to get on—those who habitually are looking for a job and do not want work—will be in just the job that suits them. They will have their food and lodging guaranteed and enough money to drink and put by against the end of their contract, while all they will have to do for it is just so much work as will make it impossible for you to make out a case before a magistrate that their contract is being broken. I take it this is very much the experience they had on the railway, and I do not think it would be tried long on the mines.

The white labour coming to the mines would have to be free labour with nothing guaranteed, assisted to get out, perhaps; but it would have to be attracted by the current rate of wages, &c., and not carted out by a Chamber of Mines European Labour Association.

Advertise that a man without a trade and only his muscles to dispose of—an unskilled labourer, in fact—can at current prices of work make on contract 9s. to 15s. a day—*i.e.*, 5s. to 10s. a day over and above his board and lodging, and advertise all the chances there are in a new country, lend your efforts towards providing houses at a low rent, and you will get as many men as you require.

Under this Chinese system, what security has the white working population got? It has Sir George Farrar's statement at Driefontein, when he opened the agitation on March 31st, 1904, that for every seven Chinese imported one white man would be employed. How religiously these pledges are adhered to. The actual experience to date is that about one

white man—or less—extra has been employed for every thirty odd Chinese imported.

They have Mr. Schumacher's pledge that not one white man, skilled or unskilled, would be ousted from employment by the arrival of Chinese on the fields. On one mine alone, of which he is the local chairman, some 200 to 250 white men have been ousted from employment by the arrival of Chinese in the country. I have no doubt these gentlemen meant to carry out their promises, but pledges of this kind are utterly worthless, for even the Chamber of Mines cannot prevent a cause having its natural effect. The workmen must look ahead and see for themselves what must be the natural effect of the influx of an unlimited supply of this cheap indentured coloured labour, whether black or yellow, on their own employment.

Let us do so for a minute. Will not the natural course of events be this? At first, and so long as the starting of new works keeps pace with the influx of coloured labour, naturally there will be an additional amount of employment for the skilled man. It will be small in proportion to what it might be, but it will still be a positive increase. Hence, as long as this starting of new mines or reopening of old ones keeps on, and as long as the public attention is fastened on the subject, the Chamber will try to point with satisfaction to some kind of increase in the number of white men. But every time there is a check in the starting of new work or increasing the scale of the old—or every time the influx of Chinese labour is more rapid than such starting of new work—there will be a wash-back of cheap coloured labour into mines in which all the stamps are already at work.

The working classes must remember that over the rate at which the Chamber of Mines shall start new work, or the rate at which it shall import Chinese, they have absolutely no control at all. Only look at the experience of just the first few months, to see if I am not right in this forecast. What did they say a year ago? Was it not something of this kind? "We do not want Chinese labour to work cheaper, we want it to be able to work at all. Here we have

2,500 stamps idle, and it is as much to your interests as to ours to give us leave to bring in the labour to get these stamps to work."

This was their promise. What has been their performance? In May, the month before their Chinese arrived, they had 5,113 stamps at work (Government Mining Department Report). Between that and November their coloured supply was increased by 21,600 men, or something like 27 per cent. You would think that they would lose no time in getting these 2,500 stamps they made such a noise about to work with this handsome addition to their labour supply. Not a bit of it. In November they had only 5,485 stamps at work, or 372 stamps more than in May. What was then done with all the labour? Some went, no doubt, to new developing mines, some to old mines, to develop and prepare in a leisurely way for crushing, if it paid to crush. A great deal of this labour must have been disposed of among mines which had already every stamp at work; must have been, and was, in fact, disposed of in such a way that it would result in not another ton of ore being crushed than before it arrived, but would substitute coloured men for white, and throw the latter on these particular mines out of employment, while it might, or might not, raise the monthly profits of these mines by a few hundred pounds. I have quoted one instance of this already, but there are doubtless many others.

But, you say, the only effect has been to oust the unskilled man; perhaps to raise his wages and make him an overseer of coloured men. The skilled man does not, and never did, care what happened to him.

Certainly he is the first man to feel it, and I rather doubt whether the more intelligent among the skilled men do regard his fate with quite such equanimity and certainty that their interests will not be affected later by the same conditions as have knocked him out of employment.

Is not the ousting of the unskilled white the first step in what must be an inevitable tendency to reduce the number of white men employed to the fewest possible? Are not these

unskilled men again thrown upon the general labour market, and so make the competition for such jobs as banksmen, etc., requiring little or no special knowledge, all the keener? The next man to feel the effect of Chinese will be the rock-drill miner.

The more Chinese they are able to get, the more this wash-back of coloured men into the running mines takes place, and the cheaper coloured labour is, the stronger will be the tendency, under the present system, to replace wherever possible, except in very wide reefs, coloured hand labour under a white ganger at, say, 18s. 4d. a day, for machines, and machine men at 20s. to 25s. a day. The use of machine men will be confined in time if coloured labour is sufficiently plentiful, and this Chinese question ceases to be watched with suspicious care by the public, to practically driving levels alone. If you ask a few intelligent machine men what would be the effect on their contract prices and wages of having pretty nearly all the men at present stoping, rising, and driving, competing for the driving only, I think you would get the answer that, when that time comes, it will be time for them to leave the country and go elsewhere.

I will not weary you by tracing the ultimate effect of the Chinese on white employment in other departments of the work. One's own common sense is enough to point out what must be its inevitable tendency. With the Kaffir on a six or twelve months' indenture much of the white labour employed is of the nature of superintendence. With Chinese, an intelligent race on a three years' indenture, each man for three years doing the same work day after day, does it not stand to reason—is it not ordinary common sense—that they will require less and less white superintendence? and if they do not require it, what kind of force is going to make a mine manager go to the unnecessary expense of providing it? He could not honestly do it if he wished to. All these direct and indirect effects of Chinese your Labour Ordinance does not touch, and no Ordinance can touch. You can enact that a Chinaman shall not be employed in this, that, or the other trade, but this is of no use at all if the system

you inaugurate carries with it eventually the reduction of the necessity to use anybody at all in this, that, or the other trade.

To sum it up, as regards the working classes, the Chamber of Mines combination policy and Chinese means everywhere a tendency for the mine owners to be less and less dependent on their services. The opposite policy which would result from Chinese being stopped, and the combination falling to pieces, would mean the mines becoming more and more dependent on their services and those of other white men.

Surely there can be no doubt which way the true interests of British working classes lie.

Do not suppose for a moment that I am advocating a state of things in which labour will be supreme. The last thing I should care to pose as would be one who wanted to see a labour supremacy any more than a capitalist supremacy, or one who contemplated as of no account the possibility of labour troubles.

I have been an employer all my life, and my natural bias would be to secure my work against interruption by strikes. Some such idea was in my mind, I remember, in trying to arrange for having a number of machines under one skilled man. How ineffective that idea was I have already shown, and certainly the only effective way in the long run is, deal fairly by your men, paying full wages for work done, running your chance of trouble with men who want wages for doing nothing.

As it presents itself to me, such labour troubles are incidents, and disagreeable incidents, in the natural permanent conflict in any industrial system by which the fair division of the rewards due to brain and muscle are eventually arrived at. They have to be faced, and the employer is entitled to get all he can in any legitimate way. But when he proposes to go so far as to guard against such incidents by barring out men of his own race, and importing wholesale indentured Chinamen to do his work, then it seems to me a treason against one's own countrymen of the most contemptible kind—peculiarly dastardly when we reflect on the

history of the last five years and the circumstances to which we owe our present position in the Transvaal and the many hundreds of men, both Dutch and English, to whom many an opportunity of steady, honest employment is denied by your Chinese scheme.

NOTE.—Since writing the above I have seen a statement that on the Rand Mines, Ltd., more white employment results per 1,000 tons mined by using coloured hand labour than by using machines. The figures given are a characteristic display of a half truth. The fact is that, as you know, in a narrow reef less tonnage per shift is broken, whichever way the mining is done, than in a wide reef. For instance, on one mine a machine working in a wide reef will break 15 tons in a day, while in another, a narrower reef, it will only break 6 tons. As you also know, the hand labour available is concentrated on the places where the reefs are narrowest. Consequently all the statement referred to really means is that there is more white employment per 1,000 tons mined by hand on narrow reefs than by machines on wide reefs. A comparison of like with like would show a very different picture to that put before you.

CHAPTER VII.

POSITION OF FARMERS AND THE MERCANTILE COMMUNITY.

Now let us see how the interests of the general mercantile and farming community are affected in the long run. The mercantile community are dependent practically on the money which is actually spent in the country in the work of getting out the gold.

To put it broadly, without Chinese the whole of the labour costs are spent locally, and that part of the stores costs which does not represent stores directly imported by the mining companies. Excluding Chinese the whole of the labour costs will be spent in South Africa, and will go to swell the purchasing power of the inhabitants. What is the case with Chinese? We are told that the cost of each Chinaman to a company in recruiting and transport to and from the Colony is £18. With a hundred thousand Chinese at work this will mean £1,800,000 being spent in this manner every three years, *i.e.*, £600,000 a year of the labour costs go clean away from the country. Then you further have the money remitted to families of Chinese workers, and that saved by them and taken away by them at the end of their contract time, amounting to certainly not less than 15s. a month. This accounts for another £900,000 a year, making a total in round numbers of £1,500,000 a year going clean away from South Africa.

We are told by that impartial observer of passing events, the *Times* correspondent at Johannesburg, that the predictions of the pro-Chinese party have been verified in every particular except one. It was thought that the Chinese would not spend their money in the country; but, he says, they are doing so freely. He then mentions with childlike delight how they have recently purchased three bicycles, and

are going to have a Chinese theatre. Passing over any doubt we may feel as to whether the purchase occasionally of three bicycles and the material for a Chinese theatre will be enough to support a very large commercial community, we may observe that, of course, some small amount of their wage will be spent as pocket money, but that the bulk of it will go to China, can surely not be disputed. The pro-Chinese were never tired, in reply to the slavery cry, of saying that the bargain proposed to the Chinaman and voluntarily entered into by him was a perfectly free one, and one eminently to his advantage. In return, they said, for his agreeing to do three years' work under conditions involving the surrender for the time being of his ordinary liberty, he received a wage from which he could support his family in China in comfort, and return at the end of his three years with £20 to £30 in his pocket, which, among his own class, would make him a millionaire. On the strength of three bicycles and the materials for a Chinese theatre, we are not going to believe that the Chinese are leaving their wives and families in China without support and coming to put in three years on the mines for the pure fun of the thing.

To return, however, to our main argument. The dividends paid from the working of the mines may, from the point of view of the South African Colony, be regarded as practically the interest which the Colony pays for the capital put into getting the gold out of the ground, and turning it into the form of sellable gold in the pockets of the general community. It is a necessary outgoing. The net effect of this Chinese labour scheme, if only 100,000 Chinese are taken as a basis, seems to be, therefore, to add to this necessarily outgoing portion of the gold extracted a further £1,500,000.

Now let us go a step further. This Chinese labour is the necessary ingredient to cement the Chamber of Mines combination, and enable it to keep itself a closed ring. Is anyone likely to hold that the effect of this is good in any measure for the independent members of the community who are not in the direct employment of that ring? Will not the tendency be more and more to syndicate every form of supply business

and industrial business subsidiary and indirectly dependent on the working of the mines? Over the supply of machinery and stores directly to the mines, you have no control whatever. If the chamber chose to start a co-operative store importation association to-morrow, they would be quite within their rights, and by degrees something of the kind is what they are gradually tending towards. Read the report of the acting commissioner of mines for this year, and you will learn some rather significant facts in this connection.

This is a quite inevitable tendency which you cannot counteract, except, of course, in seeing that the Government does not allow the mining people to have for nothing land to which they have no right, and so put all other importing firms, which have to pay heavily for their business premises, at an initial disadvantage. But anyhow, it is their own money with which they are making purchases of machinery, &c., and it is quite inevitable that the importation of such goods will become more and more direct importation, requiring to the minimum extent the service of the independent merchant importer. Over the purchases and the disposal of the wages paid to their employees, however, the mining companies have, of course, no control whatever. The supply of the necessities to these must ultimately be the chief business of the great mass of the smaller merchants and storekeepers.

It is hardly necessary to point out which will best serve the interests of these—a labour system employing masses of indentured coloured labour, confined for the most part to, and fed in, compounds, or the system which would result from stopping Chinese importation and which would involve the employment of larger and larger numbers of white men, who would eat, drink, and clothe themselves in what manner it best pleased them to do so.

Is it, in looking to the future, wise to help bolster up a combination whose aims and objects must perforce be essentially antagonistic to your own? If so, stick to your Chinese labour. If not, get rid of it as soon as you can, and do not

be misled by any little flash of prosperity or its similitude which may be brought about at first to please you. If the natural tendencies are against your interests, you may wager very heavily that the natural tendencies will carry the day, in spite of any desire on the part of the chamber to conciliate you, by asking you to tender for the dried fish, &c., for the feeding of Chinese on particular mines. There are no reasons, except those of political expediency, which prevent the mines importing these direct, and you have no natural security against this being eventually done.

Now take another point—Asiatic trading. What is the result of, and what is the greatest obstacle in getting rid of it? Will any man in the country dispute that the trouble which is arising from Asiatic trading is the direct result of the systematic importation of Indian coolies into Natal? Are Asiatic traders likely to do better or to do worse? Are they likely to be further attracted or not, by the presence of a very large Asiatic wage-earning population with a certain amount of pocket-money to spend? What is your greatest difficulty in regulating it? Is it not that most of the Indian coolies are British subjects, and as such it is not easy to deny them the rights of ordinary British subjects?

There was quite a sprinkling of Chinese traders already established in Johannesburg before the Ordinance was passed. Is the presence of a large number of their countrymen working on the mines going to tend to increase this number or not? And if you tell us that any other Chinese than those coming in under the Ordinance will be rigidly excluded, we ask you if you really seriously think ordinances in a matter like this are effective? How many Chinese have already deserted from the mines, and what measures do you propose to take to ensure that Ah Sin, who deserts from the New Comet or Simmer and Jack, will not presently emerge as Lung Chi who hails from Hong Kong, who has been living with one of his compatriots in Johannesburg for years before the Ordinance was passed, as he can prove by numbers of witnesses, and whom you cannot turn out?

Is it not a much sounder view to take that no legislation

is to be relied on when you are arranging for all the natural forces to be against such legislation being effective?

Then, again, there is a prejudice, and a well-founded one in many quarters, against legislation tending to brand and exclude men of any particular race merely because they belong to that race. Personally, while I sympathise with this sentiment, I have also every sympathy with the desire to keep Asiatics out of the country. In a young white Colony which you desire to grow into a great white Colony, I should keep low-class Asiatics out as I would weeds out of a plot of ground in which I wished to raise some particular plant. I hold that such an attitude is perfectly justifiable. When the Colony becomes large enough, there would be no more danger to be apprehended from Asiatic immigration than there is in England or any other well-established European community. In the meantime, however, while such fostering measures are necessary, I am not going to render them of no avail by giving every inducement to Asiatics to try by hook or by crook to establish themselves in the Colony. I am not going to cut away the whole groundwork from under my arguments for excluding Asiatics by proclaiming that I am dependent for my very existence on the labours of indentured Asiatics. The man who says that for the sake of his own people and the future of the colony he is for the time being going to take measures to keep out Asiatics, and he and other white men are going to tackle the work of developing the country with their own labour and such labour as the community can supply, we can understand, and it seems to me the majority of our countrymen elsewhere well understand. This attitude can be justified. But the point of view of the men who say they are going to keep out the Asiatic from a few employments, are going to keep out Europeans from others, and in order to keep the Colony as not a white man's Colony—that is, a Colony in which white men of every class are welcomed—but a Colony of white men of well-to-do class alone, and yet propose to base their whole prosperity on Asiatic labour which they will import in any quantity which suits them, I for one

cannot understand. Such a position seems illogical and, according to our English ideas, entirely untenable.

Now let us look at the position of the farmer, the prospector, or the small independent mine owner, who has odds and ends of mining property he wants to develop and to work for the gold that is in it. The great bribe that is offered to these sections of the population was that Chinese importation would liberate plenty of natives for farming and other outside work.

Let us examine how much there is in this, and how far their helping to cement the combination of the big financial houses by assisting in their Chinese agitation is likely to bring this about.

How far, on the other hand, are they likely to be benefited by reverting to the state of things as they were, letting the mine-owners work out their own salvation, and letting the ordinary working of the laws of supply and demand fix the number of natives the big mines will absorb, and the wage which they will find it advisable to pay? On the chamber's own showing, they will, if they are enabled to keep to their combination ideal of dealing with a mass of cheap coloured labour, require some 375,000 coloured men in five years time. On their own statements again, the Chinese are going to be at least as costly as natives, and probably more costly. Clearly then if they find that their requirements were over-estimated, as doubtless they were, they will first lessen the number of Chinese imported; but their demands for native labour will abate not a whit. Where then will the easing of the labour position come from, so far as the many farmers and other small employers of labour who do not belong to the combination are concerned? Suppose you have a small mine out in the country which you could make a small income out of, but that you are hampered for want of native labour. How are you going to benefit by this Chinese importation? At present you are dependent on the natives, who for one reason or another do not care to engage themselves to the Witwatersrand Native Labour Association, but prefer to engage themselves to an individual employer whom they

know. How is Chinese importation to the big mines going to remedy this? It does not, as I have shown, make the local demands of the big mines for natives any less. And with this 375,000 requirement looming ahead in the next five years it is not going to make your position any better till those requirements, and others under the control of the combination which may be added, are filled. It will not help you a little bit. It will, however, very much help any members of that combination who may happen to want your mine for themselves. They are wealthy enough to be able to wait, and when you have been frozen out, they will quite well be able to import Chinese on to a Witwatersrand mine, transfer the natives from such mine to that which was yours, and which they can then proceed to work. It will be no kind of use your getting angry and calling them names. You will have only yourself to thank for giving them the weapons which, were you in their place, you would use for your own advantage, as they do for theirs.

Take the other alternative—that their combination breaks down through the country adhering to its own resolve not to admit this indentured Chinese labour. Your objection to this is that the man with the longest purse will be able to pay most for native labour and you will be just as badly off.

As I said above, you have on your side the natural remedy which such a condition of things soon brings about. The man with the longest purse—the man controlling the biggest mines—if he can outbid you for a few natives is also, remember, the employer of the largest number of natives, and it will be just as much to his interest then as it is now to keep the rate of wages down. Only then his only way of doing so will be very different to what it is now. Now his method is by a combination which, while not abating his demand, aims at increasing the supply in a way which is practically for his and his friends' exclusive benefit.

Then he will be forced to try for the same point by straining every nerve to get his work done without requiring to use so many natives. The first rise in native rates will make him

do so. In the end he will keep native wages from having a fictitious value by diminishing his demand for them, and that as quickly and as extensively as possible. Which system offers the most hope to you of being able to get on with your work before you are frozen out? A system which while it gives the big people who can afford to pay for importing Chinese every facility for getting a supplementary source of coloured supply from outside without in any way reducing their demands on the native supply—a system which as far as one can at all foresee from their own figures will make the big and highly organised mines of the Rand a sort of insatiable reservoir absorbing all the cheap labour of the country—or a system of free competition founded on principles which the world over have stood the test of generations of experience, a system which must from the working of those same principles have the effect in a comparatively short time of making the large owners put out every effort to divest themselves of the need to use so much cheap coloured labour, and of therefore diminishing the demands of the big mines on the whole stock of low-class coloured labour existing in the country, leaving it available for the use at its natural low level of price to the less wealthy employers who cannot afford the economy of machinery and high organisation?

You may with reason contend that a logical reply to what I have put forward is that Chinese labour should be put at the disposal of the farmer, prospector, and small employer, just as it is of the large mine-owners. Well, advocate that if you like, only do so with your eyes open, and with every facility for the whole case to be put to the people of the country. Let them thoroughly understand that such a course can only have the result of opening South Africa to a free and unrestricted tide of Chinese and Asiatic immigration, and one has not much doubt as to what the people of the Colony will say.

Free and unrestricted Chinese and Asiatic labour is barred by the Colony from motives of self-preservation. But Chinese is not the only labour in the world, and as one of the ablest men, if not the ablest man, who has managed a group of

mines in the Transvaal used to say, "Labour costs the same all the world over."

We contend that the keeping out of Chinese labour would inevitably lead to the immigration of more and more European labour, and that this would, as efficaciously as Chinese immigration, and with far more benefit to the general community, result in the value of Kaffir labour finding its own level.

We contend that for reasons, some of which I have indicated above, such a policy would help on the growth of a true self-supporting and self-dependent white Colony, and would best serve the interests of the mass of the community. The policy you have supported, on the other hand, is, we contend, ultimately in the interests only of the group of financiers and financial corporations whose interest in the Colony is solely pecuniary, and is chiefly bound up with the acquisition and flotation of mining ground. A group, in fact, whose monopolist interests, as so defined, are essentially endangered by the growth of a vigorous and independent white working and voting population.

CHAPTER VIII.

SELF-INTEREST OF THE CHAMBER OF MINES.

You ask me to justify what seems to you a very violent prejudice on my part against the Chamber of Mines intervention in general political affairs. You said that while many of those who railed at the so-called Randlords might have the excuse of ignorance and want of acquaintance with the individuals whom they were abusing, the same did not hold with you or me. That it was not fair to brand people, many of whom we know, and know to be honourable men, as always acting from some sinister motive, merely because they were in the position of administering large sums of money, and that if they had their own interests and those of their shareholders to consult, they, or some of them at all events, were at the same time, for the time being, citizens of the Colony, and had as much right to look after their interests as the next man. More than this, the very fact of their being in the position they are, bespeaks that they are men of ability, and why should not the Colony have the benefit of that ability?

As you will have gathered from my previous letters, I largely agree with you, and it would be inexcusable in me to join in any indiscriminate howling at the big houses, or at individuals who may be at their heads.

In all ordinary business relations, they, like other business men, hold to the engagements they make, and look after their own side of any bargain. They are, in fact, business men, engaged in making all the money they can for themselves and their firms just as business men do in every other part of the world. Where I object to them in political matters, and where I think they are entirely at fault, is in their tacit assumption that the service which they expect from their

employees in return for their pay includes the support of those employees in political matters, or at all events an entire absence of open opposition. Also I differ from them in thinking that the same methods and ideas, which may be perfectly admissible in the chronic warfare of ordinary business life, are equally legitimate in dealing with political matters.

As an employee of a financial house in a position in which I am engaged to do certain work, and in which it is never even hinted that I should do other than the straightforward work of getting the best profit I could for my employers from the industrial work I am carrying on, it is not, I conceive, any part of my duty to worry about the other business doings of those employers. If I see them as I think get rather the better of any one they may be doing business with in a bargain, I really do not think that it is any part of my duty to go to that other person and tell him that if he had offered less, or had asked for more, in return for what they gave him, he would come off better. You will agree that any such action would be the grossest business disloyalty to one's employers.

The rule of the game in business matters is very well recognised, and it is that each man must look after his own interest in any business deal, and if he does not take the trouble to see that he is getting the value he requires for his money, it is his own fault.

The relationship between employer and employed seems to me to be different altogether when it comes to a political question. Then surely your first duty is to your fellow citizens, and this overrides entirely any duty to your employer. Besides this, when your employer, in pressing for any political change, does so on the plea that what he wants is for the good of the community of which you are a member, as much as for his own good, and poses as putting all the facts on the table from which the public can judge for themselves, he should not object to being taken at his word, and should welcome facts and views he may have forgotten.

There is, as I conceive, when a question becomes a public question, a kind of truce to ordinary business warfare and the methods of that warfare, and one of the conditions of that truce is that all evidence bearing on the subject in the knowledge of any citizen of the Colony must be freely at the disposal of the Colony without let or hindrance.

This is no doubt a very Utopian conception, and one never realised, but that it is very widely different from that upon which the Chamber of Mines habitually acts you will freely admit. You will also admit that it is a good deal more healthy an ideal to aim at so far as the Colony is concerned than that which seems to have been and still is consistently aimed at by the chamber, *i.e.*, that those in their employ had better either hold the same views as themselves on political questions closely touching the interests of the community, keep silent, or find other employment. Sir George Farrar, when he began his pro-Chinese campaign at Driefontein in March, 1903, it is true, began the meeting with the manly undertaking that no one who expressed himself as hostile to his view of the desirability of importing Chinese should suffer in his position on the mines for saying so.

This, while it redounds to Sir G. Farrar's credit, shows clearly the necessity he felt under to give the undertaking in so many words, and that the contrary state of things would, in the absence of such undertaking, be regarded as a matter of course. However, there is no need to labour the point to you. You know, as I know, as every man in the street knows, that if a man is in the employ of the big houses it will be best for him to agree with them in politics or keep mum, and that if he does want to assert his political independence of them it will be best to take it out in opposing them on some subject about which they really do not much care. In point of fact, such opposition is really welcome to them, as it gives colour to the pretence that his support on things that really do matter is independent support. To me there is nothing very extraordinary in this, and the only extraordinary thing is that it should ever be disputed.

Now, I look on this state of affairs as the more unhealthy

and the more to be deplored, as in my view the character of the whole future development of the country depends on the settlement of questions in which the big houses' interests and those of the general community are essentially antagonistic. And, naturally, if all information and views, allowed free expression, are to be those only which, however honestly they may be held by their exponents, are those agreeable to the big houses, there will be very small hope of the general community being in possession of the whole facts which will enable it to act wisely in its own best interests.

Besides all this, the past record in political matters of some of the firms controlling the Chamber of Mines is of such a nature that no sane man can doubt that their intervention in any political matter is prompted solely and purely by a regard to their own pecuniary interests. Indeed, there is no reason why one should expect it to be otherwise. In however earnest a manner they may assure you at their Chamber of Mines meetings, or at their company meetings, that they are thinking chiefly of the good of the Colony, past history goes to show that the degree of sympathy, opposition, or support they accord to any local genuinely political movement is dictated solely by a regard to the interests of themselves and their over-sea shareholders.

Of course we know nothing of what transpires at the various conferences in London or Johannesburg between the heads of these firms, except what is from time to time brought to light by accident. It is worth while therefore to recall what those accidents have brought us in the way of information in the last ten years or so.

You remember the National Union, of which Mr. Charles Leonard was president, some ten years ago.

You remember how this union had for its aim the attainment of such purely political ends as the equitable representation of the people of the country and the admission of the Uitlanders residing in the country to their share in the government, which they and many among the burghers of the Transvaal deemed their right.

You also remember how, late in 1895, the big houses went

in with the movement, practically collared it and directed it, up to the fiasco of the 1895 revolt and the abortive reform committee movement. Here you will say is a case of the big houses backing a movement for purely political ends. But as a piece of instructive reading, let me commend to your notice Mr. Lionel Phillips' letters, which were confiscated by the Boer Government at the raid time, and extracts from which were published in the Transvaal Green-book No. 2, 1896.

In every word of these letters you can see how he and his friends, to use his own phrase, "did not care a fig for the franchise," or any of the genuinely political aims of the union. How the only thing which was troubling him was how to justify by dividends the price he and his friends had sold shares to the public in Europe for. How the getting of cheaper dynamite was more important in their eyes than the commandeering of British subjects.

How he wrote in one letter:—"I do not of course want to meddle in politics," but how in a later one: "At the rate things are marching we cannot remain out of it altogether." How reluctant he was to have anything to do with Cecil Rhodes, distrusting his advice, knowing full well, no doubt, that Mr. Rhodes, as even his enemies must have admitted, would always sacrifice money considerations to the attainment of his high political ideals—an attitude towards public affairs in direct antithesis to Mr. Phillips's. Look, too, at the corruption displayed here of political morality: "My own feeling is to wait and watch, and spend some money in improving the Rand. . . . But it must be remembered that the spending of money in elections has, by recent legislation, been made a criminal offence, and the matter will have to be carefully handled. . . . Our trump card is £10,000 or £15,000 to improve the Rand. Unfortunately, the companies have no secret service fund. I must divine (*sic*) a way."

Can you desire a more typical instance of the attitude of the big houses towards the aspirations, such as they were, of the British section of the democracy in this Colony? Is there any genuine feeling, any genuine political sympathy

with the political aims of the people? Not a bit. Just a calculation of how far all this will suit the pecuniary interests of his own firm and the over-sea financiers with whom he was associated. Eight years ago, when this Green-book was published, many really did not care a rap about it all. We were on the losing side of the game which had just been played, and so far as the big houses and politics went, we were quite content to leave them and the Boer Government to settle it between them.¹

To-day, however, our attitude towards political matters is, or should be, very different. Then we were denied any rights of citizenship, and the Government could not grumble if, as they were against us, we were on the side of those who were opposing them. To-day, after a long war, which was fought, as most of us still believe and will continue to believe, for equal rights for all citizens of the Colony, for clean government in the interests not of a few, but of all—to make the country, in fact, a democratic Colony, and not a country governed by an oligarchy, over which a very large portion of the inhabitants have no opportunity of influence—we are citizens of the country, and, as such, have, in virtue of the rights we have acquired, responsibilities towards the future of the Colony which we did not have before.

Hence, it is just as much our business now, together with our Dutch fellow-subjects, to try and break down this purely external and self-seeking intervention in local politics, as it was that of the old Boer Government in the days gone by, when they so severely excluded British subjects from any part in the task.

But you will say this is only one instance a long time ago, and ask me to look at the way they backed up the popular demand before the war. Unfortunately, no more letter

¹ I have felt some reluctance in quoting these letters lest I should be thought to be inspired by any animus towards the very prominent business firm of which Mr. Phillips is a leading member—a firm whom in their capacity of industrial employers and politics apart I have the best reasons for holding in a respect and esteem no less sincere than is my contempt for their apparent conception of what in political matters are legitimate aims and methods.

books were brought to light during the events of 1899 to 1902, but I cannot help thinking they would have been interesting reading, as the change in attitude of another big house, the Consolidated Gold Fields of South Africa, underwent during the first few months of 1899, was so very marked.

Let me just tell the story from the outside, as one has not got the material for doing it from the inside.

It is often said that the pre-war agitation from the commencement was a capitalist agitation. It was nothing of the kind. The workers during the times of 1896 to 1899 who kept alive the agitation against what the British democratic section regarded as the oligarchic and unjust Pretoria Government, were persons who cared not one jot about the capitalists. The three most prominent were Messrs. Wyberg, T. Dodd, who died during the war, Clem Webb, and Douglas Forster, all of whom were indefatigable workers of the South African League, and were certainly not looked on with much sympathy by the capitalists. It was no question of a capitalist interest that finally roused the British public on the Rand to demand that an end should be put to the existing state of things, but the shooting of a working man of the name of Edgar by a Johannesburg policeman.

What was the attitude then of one of the principal corporations, viz., Consolidated Gold Fields of South Africa, towards the agitation which then boiled up, and which had nothing financial at all about it?

The first meeting of the public was called to be held in the amphitheatre. The president of the local branch of the South African League which convened it, was to preside. He was given twenty-four hours by the patriotic corporation in whose employ he was at the time, and which Lord Harris proposes shall now take its share in the administration of the country, to choose between declining to take the chair at this meeting and resigning his employment. He chose, of course, the alternative of resigning his employment.

Naturally again you remember well the first meeting of

working men and the circumstances attending it. It was held in the recreation room of a very well-known mine, of which the Gold Fields representative was local chairman. The manager was not at the meeting, which was a workmen's meeting. As you know, he was promptly hauled over the coals by his directors for allowing his workmen to meet in the mine recreation hall to express their opinion on such a matter as what, in their opinion, was the cowardly murder of a fellow working-man by a servant of the State, and it is allowable to suppose that the incident was within measurable distance of resulting in the manager's resignation. Had the movement not been such a growing one, may one not infer that it very likely would have so resulted?

Now, a few weeks later, one finds the representatives of the big houses replying to the overtures made to them on behalf of the Government that while they were willing to treat with them on matters relating to dynamite, finance, etc., they could give no undertaking on behalf of the community with regard to what would or would not satisfy them in the matter of the franchise, or undertake to influence the public in any way favourable to the Government. One appreciates that their attitude was perfectly correct. It is not possible, however, for me to credit them in their action at this time with any very desperately patriotic British feeling, when one reflects on what had gone before. Rather it appears to me to have again been a case of, "at the rate things are marching, we cannot afford to be out of it altogether." And that the prevailing view was that they must take the winning side, and help and assist what they had, if not thwarted, at least given no encouragement to till a few weeks before—endeavour, in fact, to identify themselves with the new Government which would result from the present agitation. Not for the good of the country or for any single end other than the good of their firms and of the persons whose money they were handling.

When Lord Harris talks about himself and his fellow-shareholders taking upon themselves their burdens as

citizens of the new Colonies, and being prepared for greater expenditure in this work, I recall Mr. L. Phillips' talk about spending money, in 1894, in improving the Raad.

As, however, Lord Harris is not likely to have any such thought in his mind as the corrupting of the Legislature of a British Colony, and as neither he nor his shareholders living in Europe, are in any sense citizens of the Colony, one presumes he means that the shareholders must be prepared to pay for another general manager, so that one of the present local joint general managers of the company may stand for the Legislature and devote his time to public affairs. There is, of course, no reason on earth why they should not make this arrangement, and it is possible their nominee may be elected; but I should strongly recommend the electors of Germiston, or whatever constituency may be honoured by his candidature, to ask themselves whether the past history of the Gold Fields Company and, indeed, ordinary common sense, justifies them in thinking that this company is going to pay a man several thousands a year for the express purpose of enabling him to work in the interests of the Colony, even when these interests and those of the Gold Fields Company are antagonistic, as they well know they will frequently, and must frequently, be.

That any nominee of Lord Harris and the Gold Fields Company would consciously, as an elected representative, subordinate his sense of public duty to the interests of his company I do not for a moment insinuate, but as an elector I shall prefer to cast my vote for a man who is not selected, and enabled to stand for election because his mental attitude towards public affairs is such that he will naturally and honestly see the bearings of all public question through gold fields, big houses and over-sea shareholders' spectacles. In our view the problem of the immediate future is how to get the control of public affairs into the hands of men who will make the one and only consideration guiding them the welfare and permanent interests of the inhabitants of the Colony, as against the interests of those who only regard the Transvaal as a country from which to extract wealth and live

elsewhere—men who will look upon any demand for a change in the law, whether coming from the most powerful combination of firms or from the weakest and least influential section of the community, as a demand to be referred to one criterion and one criterion alone, viz., will the granting of this demand be beneficial or will it be detrimental to the interests of the inhabitants of this Colony?

Get that accepted, not as a pious opinion but as a working principle, and break once and for all the power and pretensions of capitalists to intervene as such in public affairs, and it seems to me that no greater Imperial service could be rendered to South Africa. For then alone can we be sure that the Transvaal will begin to develop as the inhabitants, English and Dutch, desire it to develop, and as every other English Colony has developed, *i.e.*, under conditions of freedom from outside influences, having ends to serve, which are external to and apart from the interests of the inhabitants of the Colony.

Had we the same knowledge of the correspondence which passed between the heads of the firms in England and their Johannesburg representatives as we had of what Mr. Lionel Phillips wrote to his chiefs in 1894, I cannot but think we should find that in 1899, as in earlier days and as in later days, the one and only motive influencing these firms was their own financial interest and that of their over-sea shareholders. Personally I cannot understand anyone maintaining the contrary.

I am well aware that there are grounds on which many oppose the use of white men for any but skilled work, and opposing it, are inclined to look on Chinese as an unpleasant necessity. One would be disingenuous, if one did not recognise that this sentiment is shared by very many whose mistrust of the chamber in matters political is as great as anyone's can be. This reason is, as you put it, the undesirability on social grounds, of having white men doing manual labour in a country where such work has usually been done by the native. When this argument is put forward at the meetings of limited liability mining companies by the

not call for the evidence they want and sift out the truth, but seem content to accept whatever evidence the Chamber of Mines chooses to select for their information. Evidence tendered in all good faith no doubt by those giving evidence but worthless, if the natural influences were such that voluntary evidence of a contrary tenor from persons qualified to give it is in the last degree likely to be forthcoming.

The history of the formation, constitution and control of the Rand Water Board is another instance of the same mining supremacy.

CHAPTER X.

REMEDIAL LEGISLATION.

FROM what has gone before, the virtual supremacy in political matters of this group of outside European financiers may be taken as an undoubted fact. Let us try as the first step towards remedying this state of affairs to clearly define one by one what are the special conditions which appear to be so favourable to its growth, and to make this political control so desirable a thing to persons who are in no sense citizens of the Colony (Lord Harris's conception of citizenship as the holding of a share in a limited liability company trading in a Colony notwithstanding). And then let us see what possibility there is to modify by legislation the effects of those special conditions. I have indicated above that, in my view, which I believe is shared by many others, these conditions are :—

1. The indentured labour system, if this is to be indefinitely extended.

2. The state of the law, which enables these few financial corporations to acquire and to hold idle as long as it suits them at a practically nominal cost, huge areas of mining ground.

3. The present state of the company law, which gives to these mining-area-buying and share-controlling houses an undesirable advantage in information as to facts over the ordinary investor in their enterprises, whose sole interest is in the purely industrial work of gold mining.

The first matter I have already developed at some length. It will be necessary to return to it after having dealt with the other two, as its importance can only be correctly gauged as part of the whole situation. Let us consider for the moment the connection between the conditions under which

mining ground is held, and the fact that this ring of firms has the practical monopoly of the, as we have already shown, very lucrative business of introducing capital into the country, and a consequent evil that, instead of the real industrial business of mining being the first consideration in their eyes, this position is occupied by the more lucrative business of buying up land and floating it into companies. It is a very important matter, because it has the very closest possible connection with the power they had in squeezing the community into assenting to Chinese, a power they will no doubt exert again when they are threatened with Chinese importation being stopped.

The constant threat they put forward that the industry will be hampered and stopped by any particular legislation is a double-barrelled threat. They say in the first place that the mines actually working will have to stop. This kind of threat the late President Kruger used to meet with the very ready counter-threat that any malicious shutting down of mines would result in their being confiscated, and the Government working them. Bitterly as we opposed Mr. Kruger, there were very many of us who no doubt admired the way he stood no nonsense of this kind from the chamber. In point of fact, however, these were idle threats, as they could not shut down a profit-earning mine—their shareholders would not allow it.

Their next threat is that all these new enterprises they have in hand will have to be indefinitely postponed. And here we come to the very great case the law gives them to check the expansion of the actual industrial work, and subordinate it to their ulterior company-promoting views.

They cannot shut down actual, running-equipped, and profit-earning mines. Why? Because as I have said their shareholders want those profits, have been accustomed to have them, and it will damage the credit of the Controlling House if those profits cease without good cause. Further, because if the mine is not working, it cannot be left all standing and doing nothing. The expense is too great. Money must be spent on keeping the mine unwatered and

open, on keeping the machinery, buildings, etc., in repair, on keeping the staff together, and a number of other things. In fact, the mine will be incurring a heavy monthly expenditure, which would make sulking of this kind not pay at all.

But prospective enterprises are a different matter altogether. Practically all of these are bare veldt, with no works on them at all, nothing to keep in order except the corner beacons, and, in fact, they can be kept idle without any other expense being incurred than the 2s. 6d. a month license-money on the claims.¹ The shareholders know they cannot expect dividends for four or five years, and will not give trouble if, owing to reasons which will no doubt most plausibly be put before them, and the truth of which they will have no adequate means of verifying, those dividends are an extra year or so deferred. This position of affairs it is which gives the big houses an almost invulnerable position. Any other people with money at their back, who should see their way, under the conditions laid down by the law of the Colony, to invest their money in turning this particular piece of bare veldt into a mine, which would yield a handsome rate of interest on the money so spent, plus a large sum spent in the purchase of the mining ground, are kept out. It pays the present owners to hold out and get their way in whatever happens to be the question at issue, knowing that if they can maintain their present perfect grip over the situation there is nothing to prevent their waiting until a more speculative temper on the part of that public will enable them to pass off their shares on to the public at their own price. It must be remembered that besides these partially-floated ventures, on the successful sale of shares in which to the public huge sums depend, they have many other flotations of the same kind still to come; and that their vendors' interest, company-promoting profits, or whatever you like to call them, on these flotations depends on their maintaining their present position of perfect freedom to choose their own

¹ Remember always that this is ground "proclaimed," and open to free pegging as a public digging, not as a public gambling counter.

time, and only float when the appetite of the speculative public for shares will ensure the maximum profit resulting to them.

It is difficult to present a sufficiently definite picture by merely stating generalities, so let us take an individual case as an illustration. Not to confuse you with the names of many mines, we will again take the City Deep, which I quoted above. Let us recall the terms of flotation.

Nominal capital, £600,000 in £1 shares.

Vendors' interest (*i.e.*, shares allotted to vendors' controlling house) 380,000 shares.

Issued for working capital 70,000 shares, taken up by vendors, and guaranteed by them at £3.

In reserve, to be issued to provide remainder of working capital, 150,000 shares.

On the 70,000 working capital shares, issued and guaranteed by vendors, only 3s. a share has been paid, and they are liable for 57s. a share, *i.e.*, £199,500, to be called up as and when the directors require. Of course as these directors are chiefly the vendors, or their nominees, there is no fear of this 57s. a share being called up until times are propitious. What is the net result of this position? As we have seen, if their plans come off—if they can wait until the public is eager to buy their working-capital and other shares, and consequently until there is a ready market for those shares at a price as high only as £3, they, the big houses interested, will come out of the deal with a holding of the cash value of £1,140,000 (*i.e.*, their 380,000 vendors' share at £3) without having had to put their hands into their pockets for a penny of the working capital necessary to make their bare veldt into a mine.

If conditions are such that it is more difficult to wait, and they have to get to work before they can persuade the public to pay more than, say, 40s. for a share in City Deeps, what will be their position?

1st. They will lose £1 a share on the 70,000 they have guaranteed at £3—an initial loss of £70,000.

2nd. They will only realise £300,000 by sale of the reserve shares, which, with the 70,000 at £2, will provide only

£440,000 working capital, instead of the £660,000 they had estimated as being necessary to equip their mine.

3rd. They will, in order to provide the necessary remaining £220,000, have to dispose to the public of another 110,000 of their vendors' shares (if they did not, as they probably would, water the capital by creation of new shares).

The net result of all this would be that they would come out of the whole deal with only 270,000 shares worth £2 each, minus the £70,000 in cash they would have lost on their underwriting business, *i.e.*, on a cash return for their mining area of £470,000, after spending £70,000 of their own money, instead of £1,140,000 obtained at practically no cash expenditure, beyond the original purchase of the ground, at all. As the original cost to the holders of this area of mining ground was probably a matter of a few tens of thousands not many years ago, £470,000 does not seem a ruinous sacrifice. But of course a state of affairs which would result in a selling value of £1,140,000 would be vastly preferable to the present financier owners.

The only things necessary to secure the larger sum are: (1) The getting to work on their old labour system of the mines already equipped, and the producing of dividends from these, which will attract people to buy shares in the new companies; and (2), as I have already said, command of TIME so that they need not have any calls on their pocket till they can dispose of their working-capital shares at the desired price.

It is the second necessity we are dealing with, and clearly what makes their position so excellent is the state of the mining law. This enables them, in the first place, to hold their ground idle until such time as they think will be suitable for marketing their shares—not, please remark, as in other industries, the times are propitious for marketing their actual industrial product. The law also secures to them at this nominal cost the exclusive control over, and right to hold idle, the mining ground, unless somebody is prepared to buy their shares for perhaps a great deal more, (as an industrial concern, than they are actually worth. The

ordinary corrective, which normal competition in other industries would naturally supply, is here absent. The law contains no provision which would tend to make actual industrial competition supply this remedy and secure the Colony against expansion of the industry being checked by purely share-market influences. In this case we have land which, on their own valuation, is worth to the holders a net £1,114,000, lying idle, yielding no benefit to the industrial Colony, and paying State only some £300 a year—a paltry sum, which they can well afford to pay for ten years if need be, and which is no compensation whatever to the Colony for its industry being thus kept from expanding.

This is only one mine. To understand the bearing of this state of affairs, or the divergent interests in this matter of the big houses on the one hand and the industrial Colony on the other, you must realise that this is only one instance among very many. Taken in the aggregate, the flotations of the City Deep type mean (as you will find if you take the trouble to add up the amounts from information which is public property) that the big houses, as a whole, have to pay up some three and a half to four millions sterling (possibly more) on shares which they have taken up, partly paid for, and guaranteed as a heavy premium (corresponding to the 70,000 shares in the City Deep case); that if they cannot get the public to buy these shares at big houses valuation the money will have to come out of their own pockets.

Besides this three and a half to four millions, they will have to get many more millions from the public to provide the working capital they know to be necessary. Now, under the supposed conditions, this will only be possible by either watering the capital or selling at a smaller premium their vendors' shares. It follows that if the public will not take the further working-capital shares at the premium it was hoped they would when the flotations were made the big houses will not make as much, by very many millions, as they had hoped out of these flotations. In a word, they will be unable to levy anything like the toll on money the investing public is willing to put into the developing of

Transvaal mines which, under for them happier circumstances, would have been possible.

Now let us glance at some points in the condition of the company law which seem also conducive to the placing too great an advantage in the hands of the big houses, regarded primarily as mining area and share merchants. The great asset which the country possesses is this huge gold-bearing deposit. This is now known all the world over as a deposit containing many hundred million pounds worth of gold, the working of which will last for a couple of generations at least, and the conditions of which are such that the cost of extracting each ounce of gold (that is, each 85s. worth of gold) averages somewhere about 60s. to 65s., including interest on capital expenditure. Can anything be more certain than that, if capital could come into the country with the least possible artificial impediment, this fact alone would ensure to us the most rapid expansion of the industry of gold mining?

Of this no other proof is required than what has already been shown, viz., the immensely lucrative business which the big houses have done, and plan to do, as to all intents and purposes monopolists in the introduction of the capital of European investors. Some features of the present company law appear conducive to the consolidation of this monopoly, and to the mistrust of the very intrinsically profitable genuine mining undertakings in the Transvaal which exists in the mind of the European investor. This is a growing mistrust, founded on past disappointments. He says—and I am only putting into words what people in the city of London frequently said to me—that, as a general thing, he and the public have been disappointed, while they have had the not altogether unalloyed pleasure of seeing the big houses grow richer and richer.

It is quite in vain for one to point to the intrinsic merits of the mines, to the handsome dividends they pay, and to the fact that there are few commercial enterprises anywhere so thoroughly sound from an investor's point of view as this business of gold mining on the Rand. His answer is:

“ Yes, that may very likely be. If I am offered a sovereign, and I see and test that it is an absolutely good one, I am quite willing to pay 20s. for it ; but a sovereign, be it never so good, is a bad investment at 25s. ; and in the case of your gold mines you want me to be the holder of a share in your sovereign with big houses who have exclusive control. If they find there is really 30s. worth of gold in the supposed sovereign, they are in the position of being able to buy my share at a 21s. or 25s. valuation without my knowing that it is really worth 30s., while if they find it is only worth 15s., they are in the admirable position to sell me a few more shares at a 20s. valuation, while I do not know as well as they do what I am buying. I am not making any charges of dishonest dealing against any of your big houses, and I am not saying that I am not to blame if I buy and sell without knowing what I am buying and selling ; but I do claim that as a shareholder, if of only a hundred shares, I have just as good a right as the financial house controlling the mine to have access to as much information with regard to the actual prospects of that mine as they have.

“ Anyhow I know this : that until I have I am not going to put money into your Transvaal mines.”

All this is very true, and one's only wonder really is that so many people are found willing to put money into Transvaal mining companies on trust, or on the very meagre information—meagre, I mean, so far as essentials go—which is often given to shareholders. What is the position of an ordinary shareholder in a mine compared to that of the controlling house ? The company in which he is a shareholder pays for the services of the consulting engineering staff of the controlling house. To this controlling house such consulting engineer, no doubt, from time to time, has to, or should have to, render reports giving his estimate of future dividends from the mine, the length of time during which these dividends will be paid, that is to say, practically the value of a share in the company. This, although shareholders pay for the service of the controlling house's engineering staff, is not at the disposal of the ordinary

shareholder. No ordinary shareholder can make out from the annual reports what the future dividend prospects of the mine are with anything like the same approach to accuracy that the controlling house, with all information in its possession, can.

The controlling house, again, can, in virtue of the directorate being chiefly its nominees, obtain leave to send any engineer to the mine to make an independent report to themselves. The outside shareholder, though he may hold £20,000 to £30,000 worth of shares, cannot command the right to get an independent opinion based on the assay plans. In all fairness I should state that the best houses, as, for instance, Farrars, Ecksteins, Albus, are exceptionally open in allowing anyone within reason to see their mines and plans, and that actual mining is, and has been, more open and above board on the Rand than probably anywhere in the world. But there is an undoubted tendency nowadays to become more secretive, and to place obstacles in the way of the independent shareholder getting his information at first hand.

The Consolidated Goldfields in particular, if one may believe, as I have every reason to believe, statements made to me, are very careful that no one shall see their assay plans, that is to say that no one shall have the material information on which to base an independent estimate of what a share in one of their mines is worth. All this growing tendency, with the suspicion it is bound to produce in the public mind that this actual gold mining is so much gambling with your eyes shut, is only to be met by amending the company law in such a way as to ensure to any holder of a hundred or a thousand, or any given number of shares, access to as much information with regard to the actual position and prospects of the mine as the controlling house possesses. This is a matter which, in the exercise of my profession, has occasionally been brought prominently to my notice. There are no doubt other aspects of the same matter which will occur to men in legal and other professions.

A further abuse, which has comparatively recently sprung up, is the borrowing by the controlling house of money

subscribed as working capital for one subsidiary company, and the devoting it to work on another, which may have been insufficiently provided with funds. This, as appears in one of the *Economist's* special mining commissioners' recent articles, occurred in the case of the Jupiter Gold Mining Company, one of the subsidiary companies of the Consolidated Goldfields, and in other cases which could be specified. When we are told that it was and is the unreasonable attitude of people in the Transvaal and elsewhere towards Chinese labour which makes it so difficult to obtain capital for new enterprises, the very solid reasons for this state of affairs, which I have indicated, are, of course, never mentioned by the orators of the Chamber of Mines.

When you tell me, as you so often do, that I am an anti-capitalist, does it ever occur to you that one may be thoroughly anti-plutocrat and yet be by no means anti-capitalist? For my part I am so little anti-capitalist that I would like to see a great many more capitalists take an interest in Transvaal industries, and if I am anti-plutocrat it is, among other reasons, because with us it means, and will mean, the domination of a small clique of financiers. Such a clique will use their political ascendancy to build up a system which will tend to protect them as far as may be from the competition of other capitalists outside their clique. I am so little anti-capitalist that I believe only urgent necessity should excuse a change in the laws regulating an industry such as ours, and prefer that temporary evils should find their natural cure.

But if, as in the present case, the financiers represent that such a condition of urgent necessity exists, and appeal to the legislature for a change in the law, then let us really take the whole subject in hand. Let us see whether the defects to be remedied are those in the laws affecting the labour end, or in the laws affecting the financial end of the industrial stick. I hold, and I think with reason, that it is the latter which should be reformed and not the former.

CHAPTER XI.

HOW TO BUILD UP A HEALTHY COMMUNITY.

I HAVE now traced out what I believe to be the special conditions in this Colony which are so favourable to the growth of and continuance of the political supremacy of financial corporations whose interest in the Colony is external and of a purely pecuniary character.

Let us see what possibility there is by legislation of modifying these conditions without injustice to those corporations and excessive dislocation of the business of the Colony. It stands to reason that such legislation must be equitable and not in the nature of spoliation.

Taking first the question of amending the law which enables the financiers to hold idle ground industrially of great value, it seems fairly obvious that if there was nothing inequitable in putting a 10 per cent. profits tax on the producing mines there can be nothing inequitable in placing a similar tax calculated *ad valorem* on equally valuable proclaimed mining areas, which, although not being worked and doing no good to the State, are held idle in order to yield much more profit eventually to their actual owners.

Suppose this were done in the case I have so often cited, and which we have taken as typical, viz., the City Deep. A tax bearing the same proportion to the owner's valuation of this idle area as the 10 per cent. profits tax bears to the capitalised value of the mines it is levied on would serve as a very real inducement to the owner to avoid any unnecessary delay in getting to actual industrial work. If such a tax were in force we may rely on it that many of these mines would have commenced working before now which have passed into the hands of other owners, who could see their

way to profitable industrial working without legislative assistance in the way of a Chinese labour ordinance.¹

In determining the valuation on which such a tax should be calculated, the New Zealand system seems admirably adapted to our needs.

In New Zealand, where such a system of taxation is applied to land, each owner fixes his own valuation, which is liable to revision by the State. In case of the owner's valuation appearing to the State to be too low, the State has the right to fix it higher or to take the land over at the owner's valuation plus 10 per cent. Should it adopt the former alternative, the owner has the right to make the State buy the land at the State's valuation. Nothing could be more equitable, and nothing more suitable, as a solution of our own problem. Such a law would, at one and the same time, tend to make the owner work his mining area and subject him to more competition from other industrial capitalists.

Supposing his methods were such that the mines he was working were yielding a less profit than they could do if worked by a more enlightened system, or suppose he were holding back from making all the profits really possible in order to get legislation of the Chinese labour kind, he would be subjected to an awkward possibility of some other industrial capitalists, who saw their way to making the mine more profitable and more valuable, buying his mine through the State. This also without injury to anyone, for how could the first owner suffer any injury if he received his own valuation of his property with an added 10 per cent.? Any such measure as this would, of course, be resisted tooth and nail by the Chamber of Mines, and any chance of such legislation being enacted by a Legislature in which the nominees of the big houses exercise a preponderating influence is very small, I need not say.

The Dutch farmers will, of course, be told that if they sanctioned such a scheme the same principle might be applied

¹ Exemption from this tax for a reasonable time, or while an equivalent amount was being spent on development, would be advisable.

to their land. There is, however, a great difference between land beneficially occupied as theirs is and land and mining areas held non-beneficially for speculative and share market purposes by absentee financial corporations. Prospectors and owners of small mines will be told that it will result in adding to the burden which claim licences already are and make it easier for them to be frozen out. It is quite easy to arrange that, like income tax, it shall only begin at a certain minimum mining area value, so that it shall not defeat its own ends and make it more difficult for the small owner and the small individual capitalist to compete with the big houses. The Boer farmer, again, will be told that such a measure will make mining land, as land to hold, less valuable, and he will get less for his ground if minerals happen to be found on it.

I doubt whether this consideration would weigh with any but a very few, as in the known mining districts most of the farms are already in the hands of the financial corporations. I imagine, moreover, that a state of things which will result in more capitalists having opportunities to invest money in the Transvaal and in the farmer having more possible buyers for his land will be of benefit to him.

A small ring of land merchants who divide the country into districts in each of which one of the favoured few has the whole of any business which turns up and is not competed with by the others, will result from his opposition to the suggested policy.

The directions in which the company law might with advantage be amended I have already indicated.

The main object to have in view must be the equalisation of matters, as regards the information possessed by the ordinary shareholder and the controlling house or houses, as far as this can possibly be done without detriment to the actual industrial work of gold mining, the giving of greater confidence to the European investor and the facilitating of the flow of capital into genuine industry. To talk, or to think, however, of emancipating yourselves from this "Big House" control by any specific legislation is, to me, absurd, if you leave the

big houses in possession of the key to the whole political position.

And this, as I have before said, is the power to extend indefinitely their indentured labour system by Chinese importation with its natural consequence—the reduction of the white population not immediately under their orders to the smallest possible proportion. You may free yourselves for a time from the tendency towards monopoly, but under this labour system, it is sure to close down on you again before long.

Here I might close my argument, but that in one of your belated replies you bring forward a point which is so plausible that I must devote a few lines to it. You say, “Is it likely that the ‘Big Houses’ are going to pay £18 a head for importing Chinese when they can get Kaffirs for £5 10s., and whites at little or no capital outlay, unless it were economically and industrially the soundest measure? And will not the greatest possible profits from the existing mines make it easier for them to make the greatest possible profits from future flotations?”

My answer to your first objection is, that if these people were primarily industrial people there might be something in your point, but as we have seen, they are not. If it was purely and solely the profit to be made out of extracting each ounce of gold upon which their welfare depended, as ours does, they would take a different view and you would never have heard of the Chinese at all. My answer to your second objection is this—If you were in the position of having incurred liabilities of four millions with regard to potential—not actual—mines:

If you depended on the public being willing to accept your valuation of your shares and to take them at your price and even to make your nominal liability into an asset of some millions. If further any difficulty, in getting your valuation accepted, meant a diminution by very many millions of the profits you had planned to make in the next few years out of these flotations:

If again a vital matter to you was that there should be no

effective counter-influence in the white community likely to insist on legislation that would make it less easy for you to wait as many years as you liked for a good market for your shares and so secure the profits on share-making you were working for :

If again in order to get greater actual industrial profits from your actual mines a certain amount of capital expenditure might be necessary for re-organisation for which you would have to apply to the public :

If yet again the greater profits from flotation based on these greater industrial profits would only accrue when the public had seen that you were successful :

If again you had been telling the public for years that without very cheap indentured coloured labour, none but your very richest mines would be able to work.

What would be your position ? Would you not prefer to pay twice as much for a Chinaman as for a native ?

You would prefer to assure the public that your basis of calculation of profits from working mines was the same as it had always been, and that they need have no fear in taking your liabilities off your hands and buying all your vendors' shares. You would prefer to ensure making the many millions out of your flotations you had planned to make, while making certain the continuance of the state of things which enabled you with security to plan similar profitable share industry operations in the near future. You would do this rather than adopt an alternative which, while it gave you increased profits from the existing mines to the extent of a few hundreds of thousands a year for several years, would give the lie to all you had been telling your *clientele* of shareholders and investors, and would involve a certain amount of capital expenditure which, though most profitably invested, would not be easy for you, in face of what you had been telling the world, to prove was a profitable investment. Have you any doubt which alternative you would prefer, when you know that one course would result in an expansion of the industry as an industry, and so contribute in the greatest possible degree to the growth of a large white voting population ;

representatives of financial houses, I fear I can never prevent myself from imagining how unctuously those same orators would, under other circumstances, be impressing on us all the dignity of labour. But that it is a very real prejudice, influencing very many persons who are quite disinterested, I cannot pretend to deny. You fear that such a state of affairs would tend to degrade the status of the white race in the eyes of the native population, and to make less distinct the division of the two races which it is so necessary to maintain. This position, which is one to be treated with every respect, I will endeavour to deal with in this letter. As it presents itself to me, it is broadly a question of whether the accidental prejudices and ideas of an early state of Colonial South Africa are to be allowed to stand in the way of a natural development, which must take place whether you like it or not; or whether we are to frankly recognise that these ideas are merely prejudices, the sooner got rid of, the better.

Let us take the two alternatives put before us and try to think them out to their logical conclusion.

The course those of my way of thinking desire to take is to keep things as they are so far as the numbers of coloured people in the country are concerned, and let natural causes have the natural effect of a larger and larger proportion of the work which will be done, being done by white men. You, on the other hand, say, "No, in a country where we have so many Kaffirs it will lower the status of the white man if he does unskilled muscular work" and you go a step farther and talk of this as if it meant in practice doing work among a gang of Kaffirs on the same terms as they are working. To sum it all up, you say that, in Lord Milner's words, "We do not want a white proletariat."

To begin with, just let me try to dispel the "working-side-by-side-with-a-Kaffir" delusion. I say "try to," because in the case of those who want to stick to the delusion nothing short of dynamite will dispel it.

I would as an employer as soon think of using a white man among a gang of Kaffirs as of throwing my money into the

sea. To begin with, it would not pay, because as soon as my back was turned the white man would make one of the niggers try and do the work of both. Besides, I cordially agree there is something utterly offensive in seeing a white man sink to the pure Kaffir level.

The fact of the matter is that no such thing occurs.

What does occur is that white men are, in the main, employed to do work, singly or in gangs, on contract (it is the only way to get profitable work done by them if it is purely unskilled work), and it is no more degrading the white men to put a gang of four or five of them on to tram rock at a price at which they can make 10s. or 12s. a day in the same mine where natives working at 1s. 6d. a day are not doing it as cheaply, than it is degrading to a carpenter or blacksmith to be working in the same mine in which natives are employed on usual native work, than it is degrading to a clerk to be doing his work when somewhere in one of the compounds there may be a native who can read and write doing some minor clerical work, or than it is for Sir A. Lawley to be Lieutenant-Governor of the Transvaal while Khama is paramount Chief of Bechuanaland, and governs his natives under the overlordship of the High Commissioner.

Labouring men, working in this way, are working for themselves, earning an honest living, and are just as far removed from the Kaffir as you are, as they would soon let you know, or let a Kaffir know, if you or he suggested the contrary.

There let us leave the delusion. It is one which deceives no man who has to get his living, and has the choice between doing the work and going hungry.

To return to our two alternatives. Surely your conception of maintaining and developing a social system, the chief feature of which is that all hard, muscular work is done by an inferior race (which if not existent in the country in sufficient numbers must be imported) is only the old slave-state conception under a new guise.

The only really essential difference between the slave system and your indentured system is that in the former the slave

was the actual property of his master for life, and received no pay, while here he is only in a modified form your property for three years, and you pay him.

A very essential difference from the indentured labourer's point of view, no doubt, but I utterly deny that there is any very essential difference in the two systems, regarded from the point of view of the effect the indentured system is bound to have on the race, which depends for its prosperity on the labours of the inferior race. Let me here say once and for all, so far as the slavery cry raised by many people at home with regard to Chinese labour is founded on a mistaken notion that the Chinese or native labourer is brutally housed, fed, and generally maltreated, it is in my opinion, and I cannot be accused of partiality in this matter, a mistaken one, and does more harm than good to our cause. The mines will treat their mules well if they want to get the best work out of them, and so far as the Chinese go, there need be no alarm that they are not being well treated. The mine owners want the first lot, at all events, to send good reports to their friends, and as Mr. Dalrymple, one of the mine owner representatives, said when the first batch arrived, "they will have everything they want except dry champagne," Personally, I think they would have got that, too, if they had expressed any particular desire for it. At present, at all events, and I speak from personal inspection, I should say that both natives and Chinese are, on all the best mines, in greater material comfort than they have ever been in their lives.

But so far as the evil and debasing effect the extension of this inferior race indentured labour system must have on the white community, which makes up its mind to build its whole social edifice on it, is concerned, in my opinion there is no essential difference at all between it and slavery, and with the slavery cry in this aspect I am in the most entire accord. I have been too much in contact with natives not to know that the man and brother theory has its very distinct limitations, and for my part I do not shut my eyes to the fact that, so far as we whites in South Africa are concerned, the

arranging matters for our own security is an essential thing to aim at.

But precisely because this is so, it seems to me the more important to keep constantly before our eyes the, so far as I know, universal teaching of history, that anything in the nature of slavery in the relations of a superior race towards an inferior race with which it is brought in contact has, by some inevitable law of nature, resulted in the deterioration and downfall of the ruling race.

In answer to your plea that the Chinese Ordinance only extends the already existing Kaffir system in a more accentuated form, I say that the existing Kaffir system is a system which, if we get rid of the Chinese, we shall, by natural process grow out of, and that such growing out of it is what we should aim at, and not its accentuation and perpetuation.

The Bantus race, from which most South African natives are descended, only crossed the Zambesi into South Africa some 600 or 700 years ago, displacing the Hottentots and other aboriginals who are so fast disappearing. They have had some six or seven centuries to populate South Africa, and the total native population of British South Africa is to-day only some 5,200,000.

Now look at our own white race. It did not come in as a conquering race in its hundreds of thousands, but in the form of a few settlers at Cape Town in the seventeenth century. Until the beginning of last century you may say it was practically confined to the Cape Peninsula and its immediate neighbourhood, so that only about a century has elapsed since it may be said to have really taken root in the country. Look at the white South African Colony now, numbering in this short time 1,135,000 souls. To come closer home, look at the high veldt—the most suitable part of the country for white men. Take the Transvaal and Orange River Colony together in which barely 100 years have elapsed since the first white men came there, and many centuries since the blacks came. What are the figures of the last census?

Native population about 1,295,000.

White population about 543,000.

Come still closer home and go into any farmhouse in the country, or any married household in the towns, in the Transvaal, and won't you see, in nine cases out of ten, a pretty fair quiverful of children growing up?

What do these figures mean? What do the facts you see all round you mean? Surely, they mean, as clearly as any spoken language can, that the country, the climate, and the natural conditions are such that, whether we like it or not, the white race will breed and multiply in the country. And if this is so, none of your attempts to keep it a close preserve for only well-to-do white men will make it different from every other white community.

You can legislate as you please, but children are born, children grow up into men and women, and men and women have to be fed, and in order to get food they must work, and you cannot help having a white proletariat. And if you really want to produce that worst kind of proletariat—a proletariat of mean whites in the slave states sense, men who, on account of this same evil tradition the financial people are trying to rivet on to us, can best be described as men who do not mind begging but to dig they are ashamed—you cannot do better than support the mine owners and their imported indentured labour policy.

I confess I fail to see any kind of reason in this objection to white men working because you do not want a white proletariat, and I cannot figure to myself the conception of the Transvaal of the future which is aimed at. It seems to me that to find yourself part of a young white colony which is destined to grow into a great white community, to take as a guiding principle of the policy you adopt the necessity to avoid a white proletariat and to expect the white community to develop into anything except something which had better, probably, not exist at all, is absurd. It is about as sane a proceeding as it would be to encase a child's body and limbs in a cast-iron shell to prevent their growth, and

expect that child not only to live but to develop the brains and character of a great man.

There are other aspects of the Chinese question, such as the introduction of this extra complication into the already sufficiently difficult native question with which the whites in South Africa will have to deal. The complication of bringing into our community these tens of thousands of single men I will not further touch on than to remind you that even before Chinese were imported you would not care about any of your women folks being out alone in the neighbourhood of the compounds after dark.

These, however, are matters on which we are so well agreed that I need not touch on them.

I undertook rashly at the beginning of this letter to try and think the alternatives down to their logical conclusions, and I must apologise for having promised more than I can perform. For the alternative we desire we have some kind of sanction in the traditions and experience of other European communities, which, if they have their weak points, have produced, as we believe, the finest qualities the race knows.

As to the alternative course which you desire to take, we have all history to teach us that a vicious principle of this kind can have only one result. To us, if one tried to give an example of a sentiment which is opposed to everything most English, one could not with a year of thinking find anything half so utterly un-English as that which crystallises in your "No White Proletariat" phrase. This attitude towards your ideal may be unreasoning prejudice, we prefer to call it a true instinct.

On an absolute fundamental principle like this it appears indeed that argument is useless, and waste of time, and so far as I am concerned, having stated my convictions on the matter, I am willing to leave it there.

The path that the Colony has embarked on is, in the opinion of many of us, one that it must and will be forced by natural law to turn back from. If it can do so without great present hardship so much the better. If not it must turn back anyhow, or give up hope of ever being a great

European Colony. Surely it is possible even now to devise a policy which will enable us to change from the path that leads nowhere, to the right path with the least possible hardship, and the greatest benefit to the community generally.

NOTE.—Since writing this I have seen Mr. S. Evans' (H. Eckstein & Co.) statement that the unskilled whites only stayed at the Geldenhuis Deep an average of eleven days. I must congratulate Mr. Evans on having got this average down so low. A course of telling the white man he is not wanted (*vide* the newspapers six days a week) is not unlikely to result in the man who has to do unskilled labour trying to get another job before he is displaced by the next shipload of Chinese. As an argument bearing on the question, it reminds one irresistibly of the small boy in *Punch* who, wanting to get two penny tarts for one penny, put his finger through them and asked, "What is the price of these damaged tarts?" •

CHAPTER IX.

WHAT THE LIBERALS SHOULD DO.

IN my previous letters I have endeavoured from the economic, social and political standpoints, to shew what in the opinion of some of us, are the true bearings of the Chinese labour question.

Unless I have been very obscure in stating my points, you will have gathered that from whichever standpoint it is regarded, I look upon it as fundamentally bad, and, therefore, a thing as to which one might *à priori*, infer that it was an unhealthy product of unhealthy industrial and economic conditions, and bound in its results to be as bad as in its origin.

I have tried to show that these unhealthy industrial and economic conditions arose from the state of the law, combined with the actual natural circumstances of the country, having made the share-manufacturing business very much overshadow the genuine industrial business of mining.

Instead of the share-merchant's business being an adjunct, and a useful adjunct to the real industrial business, the positions have become reversed. Consequently, a quite unwarranted and informal, but very real power, over the destinies of the Colony has been thrown into the hands of a group of men whose interests in the Colony are, and from the nature of things can only be, pecuniary, and who cannot be expected to have any genuine sympathy with the real political feelings and aspirations of the people of the Colony.

The question is, how is this state of affairs to be remedied? One is led to believe that a Liberal Government is expected shortly to succeed the present Government, and that there are many who hold that the first thing a Liberal Government should do on coming into power is to repeal the Labour Ordinance.

With every respect for, and sympathy with, the wishes of

those who hold this view, I would yet submit to them that this would make bad worse. Let them all remember that it is we who have to live in the Colony and not they. That it is we who have to undergo the hardships of bad times if the thing is done the wrong way, and not they. That it is we who have to suffer if mistakes are made and not they. Therefore it is mostly for us to decide on our own local questions and us alone.

No one less than myself ignores that the Mother Country has incurred enormous sacrifices of men and money in this South African quarrel, and that this attitude of "Let us settle our own affairs" may seem churlish. But she has had her opportunity and lost it, by allowing the passing of this Chinese measure while the Colony was unable to speak for itself in any constitutional manner, and by allowing these financial influences free play to "convert" a very considerable proportion of the Colony to pro-Chinese views.

To drastically reverse the measure, and to reverse it while the real root of the evil remains untouched, would only be to make matters worse than they are. The more fervid an Imperialist one is, the less one desires that the Imperial Government should run the risks of further mistakes. I would like these friends of ours to recollect that it is an unfortunate fact that, while at first there was but one opinion in the Colony about Chinese labour, *i.e.*, an adverse one, at the present time, as a result of the systematic presentation of half truths—to call them by no worse name—there is, I imagine, a majority among the English section at all events who acquiesce in Chinese labour, as the only possible thing under the circumstances, and the removal of which means industrial collapse.

Therefore, let those in the old country do what they like with their own Government for the way they have treated high Imperial interests in this matter, but one must still hope that the Liberal Government, which one is told will succeed it, will not make bad worse by, for a second time within two years, deciding a matter of first-class importance to the Colony by arbitrary legislative act.

Although the question does not affect me as deeply as it does men who have been born and brought up in the country, many of whom express their disgust at this development pretty bitterly, I think I can claim that there is no one in South Africa who will be more rejoiced than I shall be when the last Chinaman has left the country. And, perhaps, it would be of interest to you to know how, otherwise than by a drastic cancelling of the Ordinance, I would suggest that the same end can be achieved. Let me, therefore, sketch a course of action, which appears to be unobjectionable. The plea on which the Ordinance was passed a year ago, was the immediate urgency of getting all the idle stamps to work.

By the time a Liberal Government is in a position to take any action, an increase of the coloured labour supply, as compared with that available when this agitation was taken in hand, and much more than enough for all stamps then idle, will have taken place. If the chamber have utilised this increase to work a little more cheaply mines which were already in full work, and not for the purpose of getting idle mines to work, that is their own fault. And a circumstance which convicts them of bad faith in the plea first put forward cannot now be used to prevent their being taken at their word.

We must, it seems to me, be prepared for the Home Government to say that, after a certain given date, all further importations must cease until such time as the Colony is in a position to decide the matter for itself.

This, though essential, will in itself do little good, unless further steps are taken, and what those steps should be seem to me to be obvious. As Colonists, we have nothing to do with internal English party politics. We, the English section of the Transvaal population are grateful to the present Government for having at one time recognized that the English community in the Transvaal were, and are, in the main, Englishmen working for their living there, and not millionaires with a passing interest only in the country. We deplore the fact that, since the peace, this clear-sightedness on the part of the Home Government in dealing with

our internal affairs seems to have been conspicuous by its absence. We know again that, whatever our enlightened Johannesburg Press may tell us, one English political party is not desperately anxious to destroy the Empire which it is the exclusive privilege of the other to maintain, and that one party on coming into power does not turn upside down what the other has done.

One party, however, we have been taught is supposed to apply, in striving for the same end—the welfare of the Empire—a different set of political principles to the other, and hence their methods may be expected to be essentially different from that of the other party. Therefore it does seem possible to forecast the course a Liberal Government might logically take with regard to this matter if we just run over what the methods have been which the present Government has sanctioned during the last two years. The course sanctioned by the present Government seems to have been characterised by a desire to keep its eyes as tightly shut as possible to the essential factor in the whole local political situation, *i.e.*, the illegitimate aspiration of the capitalist outside to control the country. One consequently hopes that a Liberal Government will have its eyes particularly wide open to this essential point.

Assuming this as the fundamental difference between the present Home Government and the future Liberal Government in the way they approach this subject, we may perhaps divine what the *modus operandi* of a Liberal Government will be by imagining something more or less the opposite to that of their predecessors.

As the present Government's idea of the best way to arrive at the truth on the whole question of Chinese, was the appointment of a commission in which the financier interest predominated, and at which the very mention of Chinese was forbidden, one would expect and hope that a Liberal Government will appoint a real Royal Commission charged with the duty of sifting the whole matter, with all its financial ramifications, to the very bottom, and of such a character that it would be certain to accomplish its mission.

Such a commission would have to take evidence from other financiers besides our Chamber of Mines group, so that the Colony might know what other facilities there were for getting capital for the development of its industries in case the present dominant groups should sulk. Having by this means divested this matter of every shred of misrepresentation and laid the issue absolutely naked before the Colony, then again taking the opposite course to their predecessors, one may hope that they will leave it for the Colony endowed with full responsible government to settle the matter for itself.

To do less than thus fully and thoroughly sift the matter to the bottom, so that the people of the Colony may know what they are deciding on with all the facts before them, would, in my humble judgment, be doing less than the duty England owes to the Transvaal. To do more than this, and to insist on the Chinese being turned out, would be as unconstitutional and as opposed to the traditional Liberal conception of the position any Colony occupies and the rights it enjoys in the Empire, as the way in which the Chinese Ordinance was engineered and sanctioned without the people being consulted, was opposed to that conception.

It will, we may be pretty certain, rest with us to decide what course we are going to pursue in this matter. And it seems quite clear that this question of Chinese labour cannot be properly dealt with, except in connection with the whole industrial situation. The crucial issue involved is whether the Colony is going to emancipate itself from this overwhelming influence of the outside mining area and share-merchant business or not. Whether, in other words, the centre of gravity of political influence, so far, at all events, as the industrial population is concerned, is to be inside the Colony and vested in the great mass of the population, or external, and in the small ring of European financiers and their representatives in South Africa, who have the virtual monopoly of the lucrative business of introducing capital. How real is the present influence of this ring on current political events we every one of us know. It is in the air

we breathe, and though we do not acquiesce in it, we see, or some of us think we see, no help for it.

Personally, I take a different view, and it appears to me that this influence is real and growing, simply because we, the general community, and the Government which should be the guardian of our interests, have never probed deep enough, and tried to discern what are some of the conditions which make this influence so difficult to check and keep in its right place. To speak in general terms of this excessive influence is ineffective. What I have written as to the way in which the opposition to Chinese was overborne is not an isolated instance of this influence. Let me, to give a further illustration, quote another case most aptly furnished by the annual report of the Acting Commission of Mines, which I have so often quoted in my previous letters. If there is one question on which you will hear not one dissentient voice throughout the Witwatersrand, it is that of the desirability of reducing the cost of living. One item of this cost, which, as we are every one of us agreed, constitutes the greatest ban to the less wealthy members of the community having their wives and families with them, is the cost of house-rent.

The Government, recognising this, appointed in 1903 a Commission to inquire into the question of the housing of the working classes. There was, no doubt, much evidence laid by the Chamber of Mines before this Commission, as to how much the mining companies were spending on building workmen's cottages. This I did not take much note of. It fills me with no very great satisfaction to know that in a place where house-rent outside the mines is very high, the mining companies are providing dwellings at a lower rent for a few workmen whose tenancy is dependent entirely on their remaining in the employ of those companies. What I have a very clear recollection of, however, is that Mr. Raitt, or Mr. Spanks, or one of the other prominent local labour representatives, advocated the throwing open of such surface area of claims as was not actually required for mining operations to the public for purposes of building cottages. In such cottages the workmen would be secure of their

tenure as long as they paid rent—not as long as they were in their landlord's employ. I recollect reading the rather contemptuous retort to his contention that such could be done without injury to the actual mining work that all the technical evidence of the mines which the Commission had heard was to the contrary effect. And I well remember how at that time only prudential considerations, which you will appreciate, intimately connected with this very Chinese *v.* White Labour question, deterred me from offering evidence in support of Mr. Raitt's view.

Now glance at the sequel. From page A. 31 of the Acting Commissioner of Mines' annual report I quote the following :—

(4) *Establishment of Stores on Claims.*

Unlawful trading on claims is by far the most serious breach of the law on surface rights, and by far the most far-reaching in its effects. The unlawful appropriation of surface for the purposes of trading is usually effected by either a gold mining company, or an individual, with or without the consent of the claimholder. The following cases are typical of these two classes of abuse :—

On claims registered in the name of a prominent gold mining company, very extensive buildings have been erected and are being used, *inter alia*, for the storage of timber, machinery, and mining material generally. Within the area appropriated there are also erected saw-mills which are in full working order. This unlawful appropriation of surface existed on a smaller scale before the war on neighbouring claims, and since the war the storage sites and the workshops have assumed very large proportions.

On the plea of wishing to erect premises for the storing of their own mining material and that of some neighbouring companies, an application for the surface right was lodged with the District Registrar, Johannesburg, towards the end of 1903. It was, however,

subsequently discovered that these "premises" were in reality a store belonging to a company floated by a mining firm who are the shareholders. The company is in effect an important commercial concern, trading as importers of machinery, and running saw-mills and other works. Although ostensibly only importing material and machinery for its own group of mines, and only doing work for that group, it must be borne in mind that that group of mines represents a very large proportion of the Witwatersrand area, and a huge purchasing power. This concern, therefore, is a serious competitor to legitimate importers, manufacturers, and traders, who would have to pay an enormous sum of money for such a site as that which has been appropriated by the concern without any payment. It is, of course, possible, indeed probable, that the store leases the claim surface occupied by them from the mining company concerned, although the latter have clearly no right either to give or lease their claim surface to any third party. In any case any rental paid in respect of this right is taken out of the firms' right pocket and put into their left. The application was refused after being considered by the Government, and a letter was written to the company drawing their attention to the fact that they were permitting and persisting in a breach of the Gold Law, and there the matter stands.

Towards the end of 1903 another mining company applied for permission to erect a building on their claims for the purpose of storing pipes and machinery. Apparently the application was *bonâ fide*, and it was therefore sanctioned and a grant issued. Subsequently, however, it was discovered that the area occupied had been leased by the mining company to a trading company for a considerable rental. This company are large importers of tubes and pipes and other mining material of a similar nature, and are not in any way entitled to a surface right, nor has the mining company any right to lease the surface of its claims. Further evidence has

been discovered showing that the surface applied for by the mining company was from the very first intended to be leased to the trading company, and was never intended to be a *bonâ fide* storage site for the use of the company itself.

What does this in plain English mean? It means that, at the very time that the Commission, and the Government which appointed it, were accepting apparently eagerly and without question the evidence of the mines that no part of the surface area of their claims (surface be it remembered to which apart from the absolute requirements for the work of mining and treating their ore they have no more right than you or me), could be alienated for building purposes, without seriously affecting their work, the mines were actually alienating areas (admirably adapted by situation and position for building) to trading concerns of their own creation, which would enable them to compete on terms with the ordinary merchant importer. Of course you will be told that these occupants of the areas in question would have to move, if the ground were required for actual mining purposes. This means nothing. The people controlling the mines are the occupants, and they are not going to the expense of putting up works, buildings, railway sidings, etc., if they did not know that the risk of having to move is practically non-existent. Remember, too, that in this aspect of the matter is involved no question of legal technicality as to owners' and claim-holders' rights.

Does not this incident show, as the history of the Chinese labour agitation shows, the deplorable habit the Government have got into of taking as gospel everything and anything the Chamber of Mines tell them, and of regarding the chamber as something which is more powerful than themselves? Does it not show, in fact, that whoever may be the nominal rulers, the Chamber of Mines group are, in all matters affecting their own interests, the real rulers of the Colony? Does it not show the futility of expecting to arrive at the real facts of any matter, on which alone a sound decision can be taken, by the appointment of commissions, which will

a population which would with almost inevitable certainty in time legislate to make you pay heavily for the privilege of choosing your own time for new flotations and for the power of levying the highest possible toll on any money European investors might be willing to invest in Transvaal mining enterprises. To cite one old example, would you sooner pay £18 a man to import Chinese and so secure your £1,140,000 from your City Deep flotation; or would you sooner re-organise your City and Suburban outcrop mine to increase, in a measure, the small proportion of the dividend which your share-holding entitles you, when to do so is accompanied by the risk of loosening your grip over legislation, which secures you the time necessary to get your £1,140,000 if not this year, then next year or the year after, as well as the flotation profits on other future ventures?

Of course, you will prefer to pay £18 a man for your Chinese if you have a grain of business sense—or £25 or £30.

As a business proposition I for one should not blame you from a purely business point of view—no one in their senses can blame the financial group. But as an argument in favour of Chinese industrially speaking your point has no force.

The people to blame in the matter are ourselves for the way we accept these plausible arguments without looking into them, and the Government, whose business it is to take a view of the whole position from the standpoint of the whole of the inhabitants of the Colony, not from the standpoint of the financiers whose interest it is that the industries shall be developed under conditions which will enable them to put to their own credit as great a proportion as possible of the capital which the European public is willing to invest.

I have in these letters endeavoured to throw as strong a light as I am able to on the general labour and mining situation from a colonial, democratic standpoint. I am quite conscious there are other points of view. If anything I have said has given offence to those who hold opposite views as convincingly as I hold the views I have enunciated

I can only ask them to believe that I have had no other object than to probe the trouble to the bottom and get down to the bed-rock of facts.

Personally I have always found it pays to spend time in getting down to facts before deciding what should best be done, and I have tried to do the same here. I look upon this Chinese labour development as founded on bad facts, bad reasoning, and bad political principles; consequently I am convinced that its results will be, and are, bad for the people of the Colony, for the workers in the industry, for the shareholders in the actual mines, and, in the long run, for the financiers themselves. The whole financial structure, after all, ultimately rests on the healthy condition of the actual industry. This condition cannot possibly be a healthy one if the working of the industries depends on the continuance of an institution entirely antagonistic to the ultimate interests of the white community residing in the Colony.

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